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REPORT
OF
THE TENTH MEETING
OF THE
CO-ORDINATING COMMITTEE
OF
SOUTH-EAST ASIAN SENIOR OFFICIALS
ON TRANSPORT AND COMMUNICATIONS

MANILA, PHILIPPINES
26th-29th OCTOBER, 1971

Prepared by:
Interim Secretariat to the
Co-ordinating Committee,
Economic Planning Unit,
Prime Minister's Department,
Government of Malaysia,
Kuala Lumpur.
20 November, 1971.

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REPORT
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THE TENTH MEETING
OF THE
~~CO-ORDINATING~~ COMMITTEE
OF
SOUTHEAST ASIAN SENIOR OFFICIALS
ON
TRANSPORT AND COMMUNICATIONS

ASIAN DEVELOPMENT BANK
MANILA

26 - 28 October, 1971.

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PART ONE

INTRODUCTION

The Tenth Meeting of the Co-ordinating Committee of Southeast Asian Senior Officials on Transport and Communications (Coordcom) was hosted by the Asian Development Bank (ADB) in Manila on 26-28 October, 1971.

2. Except for Brunei and the Khmer Republic all the Members of the Coordcom attended the Meeting, namely Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and the Republic of Vietnam.

3. Observers from the ADB, the United Nations Development Programme (UNDP) and the Governments of Japan, United Kingdom and the United States of America attended the Meeting.

4. The Tenth Meeting of Coordcom was called to order by the Secretary of the Interim Secretariat to Coordcom, Mr. Phang Kon Hee.

PART TWO

WORKING SESSIONS

I PROCEDURAL ARRANGEMENTS

5. Although four days 26-29 October, 1971 were set aside, the Meeting completed its business ahead of schedule. Three Working Sessions were held: one Session was held on each of the days 26, 27 and 28 October, 1971. In addition, leaders of delegations from Member Governments of Coordcom met with the Vice-President of the ADB, Mr. C.S. Krishna Moorthi in the afternoon of 27 October, 1971.

(a) Election of Chairman and Vice-Chairman

6. At the First Working Session, Mr. Alfreda T. Kagawan, leader of the Philippine delegation and Mr. Aree Stavamana, leader of the Thai delegation, were unanimously elected Chairman and Vice-Chairman of the Meeting respectively.

(b) Adoption of Agenda and Business Arrangements

7. The Agenda and Business Arrangements set out in Documents IS-10M-1 and IS-10M-2 were adopted for the Tenth Meeting and are attached in Part Four of this Report.

II REVIEW AND COMMENT ON DRAFT REPORT ON THE SOUTHEAST ASIAN REGIONAL TRANSPORT SURVEY (RTS)

8. Coordcom invited Mr. K.L. Luthra, Deputy Director of the Projects Department of the ADB and currently ADB Project Manager of the RTS, and Mr. William Krebs, the Consultants' Project Director of the RTS.

to introduce the Draft Report on the RTS. Coordcom thanked Mr. Luthra and Mr. Krebs for having accepted its invitation and found the time to attend the Meeting.

9. Before making his introductory remarks, Mr. Luthra stated that the Bank felt happy to host Coordcom's Tenth Meeting whose primary purpose was to enable Participating Governments in the RTS to come together to review and comment on the Draft Report of the RTS. The Bank felt a sense of satisfaction at having completed a task which the Participating Governments had entrusted upon it.

10. The Bank was particularly happy that it had been possible for the Coordcom to meet so soon after the receipt by Participating Governments of copies of the Draft Report. The Bank was keen that the Draft Report should be finalised as soon as possible, reflecting the views and comments of Participating Governments, so that follow-up action could be planned and implemented with the minimum delay.

11. Mr. Luthra informed Coordcom that the Bank's Steering Committee for RTS met in Manila during the week of October 11, 1971. Following the meeting, he and Mr. Wilfred Owen, Chairman of the Steering Committee, visited some of the Participating Countries, namely, Thailand, Malaysia, Singapore and Indonesia, for an exchange of views on the Draft Report. They were most anxious to visit the Republic of Vietnam and Laos but pressure of time regrettably did not permit them to make the journey.

12. The impression gathered by Mr. Luthra and Mr. Owen during the visit was that the Draft Report was well received. Although there were some deficiencies to be made good, the

reaction of the Governments to the findings and recommendations of the report, on the whole, was favourable. During this visit, they had not intended to discuss follow-up action on the findings and recommendations; yet a lot of time was taken by the countries in enthusiastic discussion of the subject.

13. Mr. Luthra stated that his object at this Meeting was to take note of the views and comments by the delegates and observers. The same was true of Mr. Krebs. In the light of the views and comments, the Bank would give the Consultants its views and comments by late October or early November. The Bank expected that the Final Report on the RTS would be ready by the end of the year.

14. Mr. Luthra drew attention to two points highlighted in the final report of the Steering Committee, namely:

- (a) the need for a clearly defined program of action over the next 5 to 10 years; and
- (b) the need for the Participating Countries to give top priority consideration to the socio-economic implications of spending an estimated \$91 billion on motor vehicles over the next 20 years.

With regard to (a) above, he explained that a precise definition of a program for the next 5 to 10 years was possible only after feasibility studies of specific projects. However, within this overall limitation, the Consultants had agreed to further define the action program for the next 5 to 10 years. Sufficient information and data were in hand to prepare such a program. There were many far-reaching implications with respect to (b) above.

15. In conclusion, Mr. Luthra mentioned that although the Participating Countries themselves would be considering follow-up action individually and collectively through Coordcom, the Bank was also greatly interested in following up on the findings and recommendations. The Bank would consider detailed action that would follow the submission of the Final Report by the Consultants. The Bank would welcome comments and suggestions by Coordcom. The Vice-President of the Bank would meet leaders of delegations and that would provide another opportunity for discussion on follow-up action.

16. In his introductory remarks, Mr. Krebs made the following points:

- (a) The report on the RTS was a draft report, not a final report.
- (b) In view of (a), the report was open to change and improvement so that the best possible and most useful report was produced.
- (c) Written views, comments and suggestions submitted by Participating Governments were appreciated in the spirit in which they were given, namely, to achieve the common purpose of making the RTS the most useful possible.
- (d) The RTS was merely one step in perhaps an endless journey in the process of developing the region.
- (e) Working with the Participating Governments on the RTS and attending some meetings of Coordcom had been a most rewarding experience to his firm and to him personally.

17. Delegates from all the Coordcom Member Governments participating in the RTS submitted written views, comments and suggestions to the Bank and its Consultants. These are reproduced in full and are attached in Part Three. Most delegations highlighted certain aspects in oral presentation to the meeting.

18. Mr. Luthra stated that he listened with great interest the presentation of the highlights of views, comments and suggestions on the Draft Report of the RTS. He assured Coordcom that the Bank would take account of the written views, comments and suggestions in its further directions to the Consultants. He expressed heartfelt gratitude and appreciation to all Participating Countries for the help and the co-operation in carrying out the tremendous task of the RTS.

19. Mr. Krebs thanked Participating Governments for their views, comments and suggestions which would be useful in finalizing the report on the RTS.

20. Mr. Lee St. Lawrence, an Observer from the United States, sought clarification on when the final report would be printed and made available. Mr. Luthra outlined the schedule for the production of the final report as follows:

- End October or November first week,
Bank submits comments and suggestions
to the Consultants;
- End December or earlier, Consultants
submit manuscript of final report;
- End June or later, printed final report.

He emphasized, however, that it was difficult to be precise as to when the printed report would be available.

21. Coordcom expressed great concern that it would take such a long time to get printed copies of the RTS report available. It hoped that sufficient copies of the final report would be ready for use in the preparation of the proposed Meeting of Ministers of Transportation and Communication scheduled to be held in late May or early June, 1972. Coordcom urged the Bank to produce sufficient copies of the final report as soon as possible for use by Participating Governments as well as other Governments, international organizations/forums and business enterprises involved in the development of Southeast Asia.

22. The Secretary of the Interim Secretariat offered to help find ways and means of expediting the publication of enough copies of the final report for use in development work in the region. He undertook to consult Government printing presses in the region whether any particular one or a combination of a number of printing presses would undertake to print part of the report or the entire report as soon as possible. As a first step, he would consult the Malaysian Government Printer.

III PRESENTATION ON TRANSPORTATION EXPOSITION, 1972 IN WASHINGTON

23. Coordcom considered that a good place and time to hold the proposed meeting of Ministers of Transportation and Communications would be in Washington at the same time as the U.S. Government-sponsored Transportation Exposition. The U.S. Government has been a strong supporter of the Coordcom effort. However, it has not had the opportunity to host a meeting of Coordcom. Japan, and now the Asian Development Bank, two observers who have also supported the Coordcom effort, have hosted a meeting each. Also, the Transportation Exposition would give the Ministers concerned an opportunity to look at the latest developments in the field of transportation.

24. Coordcom invited Mr. C. Spurgeon, the manager of the Transportation Exposition, to give a briefing on the subject. Besides an oral presentation, Mr. Spurgeon circulated copies of an information kit on Transportation Exposition, 1972 to leaders of delegations.

25. The U.S. Government Observer delegation informed Coordcom that conference facilities would be made available by the U.S. Government in Washington should its member Governments decide to hold the meeting of Ministers in Washington. Coordcom thanked the U.S. delegation for the offer.

IV FUTURE OF COORDCOM

26. Coordcom noted the Working Paper prepared by the Interim Secretariat on the subject (see Document IS-10M-5 - "Managing The Southeast Asian Regional Transport Programme - Future Role of Coordcom", attached in Part Four of this Report).

27. Delegates from Malaysia, the Republic of Vietnam, Thailand, the Philippines, Indonesia and Singapore spoke in favour of continuing the Coordcom, but with more defined functions, and wider and stronger support from the Member Governments, Observers and other countries and international organisations.

28. The Chief Delegate of Malaysia, Mr. Bashah bin Nordin stated that there was no other way except to continue and strengthen the Coordcom and its Secretariat

if effective follow-up action was to be taken on the RTS. His Government was prepared to continue hosting the Secretariat of Coordcom. He further stressed the need for Coordcom to work closely with such regional bodies as ASEAN and ECAFE to avoid duplication of effort. Despite its interim nature, Coordcom has done commendable work with assistance from UNDP, ADB and USAID.

29. The Chief Delegate of the Republic of Vietnam, Mr. Hoang Ngoc Than observed that Coordcom has been dynamic and has made significant progress in co-operation in the region. He supported the continuation and strengthening of Coordcom. However, he was of the view that if Coordcom was to develop strong ties with ASEAN, an organisation/which the Republic of Vietnam /in was not a member at present, his country would like to be admitted as a member of ASEAN. His country did not like Coordcom to be unduly influenced by regional bodies in which it was not a member.

30. A delegate from Thailand, Mr. Amphon Tiyabhorn declared his country's support for the continuation of Coordcom and the expansion of its functions. His country felt that this regional effort represented by Coordcom has now reached the stage of transition from preliminary studies to implementation of specific projects. As such, there was need for continuity in the organisation in support of this regional effort.

31. Given the tasks ahead, Mr. Amphon felt that the need existed for a stronger and permanent Secretariat

with two broad functions: administrative/executive, and professional/planning. It might be necessary to constitute an advisory group of experts to work with the professional/planning staff of the Secretariat.

32. A delegate from the Philippines, Mr. Victorino Basco, stated that he supported the continuation and strengthening of Coordcom and its Secretariat. However, he had to consult his Government before a final decision could be reached.

33. Mr. N. Gandjar, the delegate from Indonesia, stated that at the Sixth Ministerial Conference for the Economic Development of Southeast Asia, held in Kuala Lumpur in May this year, his Minister proposed and the Conference as a whole endorsed that the Interim Secretariat of Coordcom be made permanent in Kuala Lumpur. His Government still held the same view. With regard to the detailed organisation and structure of the future Coordcom and its Secretariat, as outlined in the Working Paper IS-10M-5, he would like to consult his Government before any final decision was taken.

34. Mr. Yap Eu Win, the delegate from Singapore, stated that his Government would give serious consideration to the Working Paper IS-10M-5. He was himself pleased with the content of the paper. He stressed that there must be a greater degree of liaison with other regional bodies such as ASEAN and ECAFE. Mr. Yap felt that the Secretariat could still be in Kuala Lumpur.

35. The Observers from the U.S. Government, Mr. Kenneth Rabin and Mr. Lee St. Lawrence stated that their Government was pleased to have assisted Coordcom progress so far. They were completely enthusiastic about the continuation and strengthening of Coordcom and its Secretariat. They assured Coordcom that it could count on U.S. Government support in future. However, the type and amount of support would depend on the kind and amount of support extended by Southeast Asian Member Governments to the organisation. The U.S. Delegate stated that his Government will be willing to continue considering the funding of feasibility studies arising from the R.T.S.

36. The meeting agreed in principle that Coordcom, and its Secretariat in Kuala Lumpur, should be continued and strengthened on the basis of suggestions in the Working Paper IS-10M-5. Members agreed in principle to contribute towards meeting part of the cost of the Secretariat. Coordcom urged that bilateral sources of assistance such as Japan, the United Kingdom, the United States of America and other donor countries, and multi-lateral sources of assistance such as the UNDP, ADB and the World Bank help implement specific projects and programmes it undertook or sponsored.

37. Coordcom thanked the Government of Malaysia for hosting the Interim Secretariat during the past four years. It accepted the Malaysian Government's offer to host the strengthened Secretariat of Coordcom.

38. Members agreed to report to their Governments the agreement in principle on the continuation and strengthening of Coordcom and its Secretariat, and the financing of the Secretariat and to transmit the decisions

of their Governments to the Secretariat before the end of this year.

V PROPOSED 1972 BUDGET OF SECRETARIAT

39. Coordcom took note of the proposed expenditures of the Interim Secretariat in 1972 totalling approximately US\$60,550. Members agreed to alert their Governments on contributions to pay for the proposed expenditures. Each Member Government of Coordcom would pay a pro rata share of the remainder of the proposed sum less a contribution by the Government of Laos.

40. The Secretary informed Coordcom that there would probably be about 50 per cent of the funds contributed in 1971 unspent by the end of the year because of the limited activities of the Secretariat. The total sum unspent would be probably US\$24,000 out of the US\$48,000 contributed by Member Governments. He sought approval to carry forward the funds to the coming calendar year and use them until contributions from Member Governments for the 1972 Budget were received.

41. Coordcom approved the carry forward of unspent contributions in 1971 to fund Secretariat activities in 1972 until the 1972 contributions were received.

VI PROPOSED MEETING OF SOUTHEAST ASIAN MINISTERS OF TRANSPORT AND COMMUNICATIONS

42. Coordcom agreed in principle that in view of the factors outlined below, a meeting of Southeast Asian

Ministers of Transportation and Communications should be held in May/June 1972:-

- (i) the Meeting of Officials which stated this Coordcom regional effort was held in September, 1967;
- (ii) Coordcom has met ten times for business during four years;
- (iii) feasibility studies on a number of projects have been implemented;
- (iv) Southeast Asian Regional Transport Survey was now also complete; and
- (v) decisions on the future of Coordcom and follow-up actions on the RTS need to be taken soon.

43. Coordcom also agreed that the Secretariat of the Interim Secretariat should constitute an ad hoc planning group to prepare the agenda, papers and other matters for the proposed meeting.

VII OTHER MATTERS

44. Coordcom noted a suggestion by the Secretary that regional projects identified by the RTS needing assistance for feasibility studies should be forwarded for processing by the Secretariat as soon as possible. It was informed that there were possible funds to finance these studies.

VIII DATE AND VENUE OF NEXT MEETING

45. Coordcom decided that it should hold a meeting to finalise the preparations for the meeting of Ministers. It accepted the offer of the Government of Malaysia to host the next meeting of Coordcom in Kuala Lumpur in March 1972.

IX CONFIRMATION OF RECORD OF MEETING

46. Coordcom approved the Press Release on its Tenth Meeting as shown in Part Four of this Report. It also approved this Report as a true record of its Tenth Meeting.

47. Coordcom thanked the ADB for hosting its Tenth Meeting and for its generous hospitality.

48. The Chairman, Mr. Alfredo T. Kagawan, expressed his appreciation to all Members of Coordcom, Observers and Interim Secretariat and Conference Staff for helping him steer the Tenth Meeting of Coordcom to a successful conclusion.

Savoy Hotel,
Manila.
28 October, 1971.

PART THREE

COUNTRY COMMENTS
ON RTS

COUNTRY COMMENTS ON RTS

INDONESIA

GENERAL COMMENTS

1. National Investment Program: The Regional Transport Study, TRS has an transport investment program for Indonesia between \$800 to \$1,000 million for the decade of the seventies. The higher estimate includes the complete rehabilitation of the railroads for \$148 million as well as those highway recommended by UNDP/IBRD Highway Services Team with rates of-return as low as 9%. In addition, \$50 million was included as a high estimate of the investment required for inland waterways.¹

Table 1 gives the high and low estimates of the transport investment program for Indonesia.

The RTS needs a better Summary of Transport Investment Requirements than Table VIII-9, since it is difficult to relate this summary to the modal investment plans. A more comprehensive summary should break the investment program down on a country, modal, and time periods basis. The time periods should be for, 1970-1975, 1975-1980, and 1980-1990.

2. Regional Program: The short term regional programs outlined in the RTS do not require large capital outlays. There are two projects: maritime nav aids and flight inspection service; both these projects combined need less than \$20 million to be implemented.

Most regional projects are institutional in nature having limited capital investment requirements. Some of them are:

- a. Training programs,
- b. Centralized coordination of transport research,
- c. Standardization of equipment for the regional airlines.
- d. Regional charter exchange for shipping.

Other opportunities for regional cooperation might be to coordinate the purchase of the standardized Southeast Asia (SEA) all purposes ships or to enter a major world wide container ship consortium if containerization can be proved to be justifiable in Indonesia.

1. Although this mode was discussed by RTS, this investment was not included in the RTS program.

3. Basic Data Assumptions 1970

a. Population is given as 122 million, and 3 ranges developed, which only show a difference of 2 million by 1980. Until 1971 Census results are known, this assumption is dangerous. The 1970 election Census indicated a population of 115 million. TCAS estimates, working from 1968 Provincial estimates and growth rates, assume a population of 118 million. 1980 projections could be between 144 million, and 157 million, Regional estimates and projections are also questionable. Java is possibly over-estimated and the Eastern areas underestimated. Errors in population estimates and projections.

b. Imports and Exports

1970 estimates of imports show large errors when compared with C. B. S. statistics;

	Reports Estimates <u>FOB Rps. x 10⁹</u>	C. B. S. data ¹⁾ <u>CIF Rps. x 10⁹</u>
Imports		
Consumer goods	259	86
Raw materials	60	131
Capital goods	101	121
Total	420	338
Services	25	
Total c.i.f. value of Imports	445	338
Exports FOB	370	382

1) Converted at Rps. 378= US \$1

Source C.B.S. Bulletin Economic August 1971

c. Food Consumption

Cereal consumption in the report remains static on a per capita basis for the period, at 98 k.g. for rice and 2.6 k.g. for maize, while cassava, a staple food-crop is not included at all. FAO minimum subsistence for rice is 100 k.g. per capita; and there is little doubt that with rising incomes, rice consumption per capita will grow. The USAID rice marketing study indicates a national average of 130 k.g. per capita by 1980. In addition, regional cereal consumption varies greatly in Indonesia, and such variations and their projections have not been built into the model.

d. Exports of forest products

3

Report estimates are 3.7 million metre in 1970, rising to 7 million by 1980. Actual exports reported for 1970 were 8.0 million, and projections to 1980 indicate a volume of + 20 million.

4. Commodity flows

- a. Land flows. No comment can be given on parameters, as Highway data is not yet available.
- b. Sea flows. Due to the Reports' exaggerated import data for 1970, and its high population estimate, import flows appear to be too high for 1980 projections.
- c. Port loadings. The Report includes forest products and minerals in port loadings; but these commodities like petroleum, will probably use special facilities and not impose a load on conventional port capacities.
- d. Both Tandjung Priok and Surabaya loadings appear to be too high for 1980 projections.
- e. The importance of Bitung appears to be overstressed, while that of Palembang (or an alternate port facility) in the S. Sumatra area, appears to be under estimated.

MODAL COMMENTS

5. Maritime

- a. General: This mode includes the investment programs for both ports and shipping. There are a number of conceptual problems in the analysis of this mode. The most obvious is the use of different discount rates; 8% for the shipping program and 15% for port projects. 1 No discussion is given as to why these different rates are used. A possible reason for doing this is that many investments in shipping outlined by RTS have rates of return less than 15% making the net present value and the benefit cost ratio, if 15% was used respectively negative and less than one. Conceptually, it is difficult to imagine that all SEA nations have the same opportunity cost of capital, 8% or 15%, as implied by RTS. In Indonesia, IBRD suggests that its consultants use 20% as the estimated opportunity cost of capital, and in Thailand 12% is generally used. Indonesia which is recovering from a period of disinvestment should have a higher opportunity cost of capital than nations which have made considerable investment in transport infrastructure over the past 10 years. It is realized that comparing investment programs with different discount rates is difficult. A discussion of this topic by RTS might aid in a better understanding of these conceptual problems.

Table 2 gives the Maritime Investment Recommendations for Indonesia and Table 3 gives the regional investments in this sector.

- b. Ports: The ports projects lean heavily on investments in infra-structure needed for container ports at Belawan, Tandjung Priok, Surabaya, and Bitung. RTS admits that containerization involves a "high technological risk". It is recommended that a more cautious approach to investments in these facilities should be followed than the one suggested by RTS.

Presently, 82% of the world's container ships are in trades with the North American continent where containerization first began. 2 Containerization received a boost from the "land bridge" concept developed in the United States which required that cargoes shipped by containers and institutions directly involved in containerization have these characteristics:

- (1) Cargoes should be shipped over long distances using more than one mode of transport. This requires that containers should be compatible with the equipment using the rail and highway systems as well as the load limitations imposed by these systems.
- (2) Cargoes should have high values to volume and should generally be homogenous.
- (3) The institutional, marketing, terminal and distribution systems should lend themselves to quick turn around times and high load factors

1. 15% is also used for land transport projects.
2. RTS, Book 2, Part IV from Table IV-10

(4.) Administrative acceptance of the container concept should be assured, i.e. Bills of Lading for goods traversing national borders must be accepted without an inspection of the contents of the containers.

At present, Indonesia's foreign trade, institutional constraints and distribution system do not lend themselves to a rapid growth in this system of cargo handling. Other technologically advanced systems such as LASH (lighter aboard ship) might be better suited for Indonesia. A wait and see attitude might be the best option prior to committing large sums of money in container facilities.

In light of this criticism, the investment program outlined by the RTS should include two alternate investment schemes:

- 1) The present investment recommendations, and
- 2) An alternate approach where containerization will play a less dominant role.

More evidence should be provided to support moving the major port of Sulawesi from Makassar to Bitung.

Shipping: Other than a containership, the large, technologically specialized ships have rates of return less than 20%. See Table 4. This would indicate that future investments in these vessels should be scrutinized carefully. Although the RTS does not include investments in rehabilitating the exist Indonesia inter-insular fleet, large investments will be needed to recondition this fleet and make it seaworthy. ^{1/} RTS indicates that the replacement of the existing fleet will begin after 1975. It would seem that the replacement of the present fleet should begin prior to 1975 especially in light of these points: 1) Its general disrepair, 2) Its high age and, 3) The resulting - low utilization and high cost of operation.

-
- 1) The cost of rehabilitating the dry docks in Indonesia was not including in this RTS investment program although this was given high priority by the RTS.

The RTS recommends using a Southeast Asia all purpose ship for coastal and inter-island trades. The utilization of this vessel in ton-miles per DWT is roughly 18 times that of the present average of the Indonesian fleet sailing in inter-insular trades; furthermore, it is 4.6 times more efficient than the modern conventional domestic cargo vessel. 1/ These figures seem unduly high and cannot be accepted, unless they can be justified with a more detailed explanation than is included in RTS. In addition the high utilization of the SEA ship might explain why the rates of return are so high on these ships when they are compared with other ships (see Table 5).

The unit cost of the SEA ship seems to contradict a commonly accepted rule of thumb that the unit cost per dead weight ton (DWT) decreases as the size of the vessel increases (see Table 6). In developing the shipping investment program for Indonesia, another unit cost is used (see Table 5). The sizes of the SEA ships investigated should include vessels between 700 DWT and 1000 DWT so that smaller ports can be served by them and a higher frequency of service can be offered at smaller and larger ports.

Table 5 The RTS SEA 'All Purpose Ship'

	<u>RTS Recommended Sizes</u>			<u>Used in RTS Investment Program</u>
Size in DWT	¹ 2500	¹ 4500	¹ 6500	² (unspecified)
Unit cost in \$/DWT	400	500	500	658
IRR in %	32	32	35	-

Sources: 1. Book 1, Part 1 from Tables III-10 and 11.
2. Book 2, Part 4 p. 102, \$7.9 million
12000 BWT

Note: IRR is the internal rate of return.

Since considerable investment is anticipated in shipping, the backup cost data should be made available in order to calculate the operating costs using other assumptions that closely approximate the Indonesia situation.

The tug and barge combination provides an inexpensive method of shipping and as such this method should have been discussed in the RTS as an alternate to the SEA all purpose ship. The barges could be made in Southeast Asia saving some foreign currency.

1/ RTS, Book 2, Part 4 from pp. 102 and 103

- . present, 1970, efficiency factor of 2,603 ton-miles per DWT for Indonesia.
- . 1975, efficiency factor of 4,000 ton-miles per DWT for Indonesia.
- . The efficiency factor for a SEA ships 46,667 ton-miles per DWT.
- . The efficiency factor for a modern conventional domestic cargo vessel is 10,000 ton-miles per DWT.

6. Aviation:

a. The RTS indicates that Kemajoran airport does not have to be moved for the next 20 years. The R. M. Parsons report of the Djakarta International Airport indicates, that the most appropriate time to move to the new airport is 1980. Other investments include the expansion of the facilities at Bali International airport, the continual development of airports throughout Indonesia, the rehabilitation of the air academy and air operations support facilities. Table 5 gives the aviation investments recommended in Indonesia.

Aviation does, however, offer many opportunities for regional cooperation:

- (1) In harmonizing bilateral agreements on landing rights,
- (2) In negotiating tariff levels for air fares, and
- (3) In promoting the growth of tourism.

b. The major short comings of the RTS in this mode are:

- (1) No evaluations of the investments are made for this mode i. e. the benefit cost ratio and internal rates of return were not computed.
- (2) An expenditure of \$40 million is estimated for the improvement of the domestic airports over a 10 year period. No mention is made of on what precisely this money will be spent nor what portion of the investment will be allocated to the different airports.
- (3) The data used in estimating a requirement for \$16 million for new aircraft (1970-1980) is not clearly stated.¹ This value computed by RTS seems too low.
- (4) If Bitung is going to be made into a major container port as recommended by RTS, the size of the projected air traffic resulting from this port might require upgrading the aircraft at to twin city, Menado, to a main domestic airport rather than keeping it as a secondary airport.

¹. Book 2, Part V, p. 29.

7. Inland Transport: The RTS recommended investment follow closely those recommended by the UNDP/IBRD Highway Services Team and the German Advisory Team for railroads.

In the case of railroads, "a preliminary modal comparison indicates that there is no compelling case for either rehabilitation or abandonment on economic grounds alone".¹ This modal comparison was a worth while undertaking and was definitely needed. These are the short comings of this analysis.

- (1) The analysis should be based on the total cost over say 20 years for transporting the cargoes and passengers by rail and road for each of the alternative abandonment schemes.
- (2) The cost per length of haul and per commodity should be used instead of the average costs for some average commodity. These costs should be used with an origin and destination matrix in order to determine which traffic would most likely be diverted from the railroad or if the rail system is improved diverted from the highway to the railroad.
- (3) The cost data for railroads which RTS used has been updated and is enclosed. The interest rate used in these costs is too low (12%) and should be adjusted upward, if the comparison is to be internally consistent. This was not done as far as it can be determined in the RTS although the highway vehicle operating costs were adjusted downward from 20% to 15%.

Although RTS did not have the available data to follow the above analytical approach, it is suggested that the comparison should be reworked using the enclosed railroad unit costs. (Table 8).

Based on the modal analysis RTS recommends that a more detailed analysis should be undertaken as soon as possible. With these reservations and recommendations, the RTS continues by allocating to railroads between \$100 - \$140 million for its investment program.² Although no direct reference is made to this program in the RTS.

Table 7 summarizes the land transport infrastructure investment recommendations giving both a low and a high estimates depending on whether or not projects identified by sources other than RTS, the high or low value for the railroad and inland water transport investment programs are include in these estimates. The \$488.9 million for highways include the rehavitations of priority roads but does not include funds for a feeder road programs.

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¹ RTS, Book 1, Part 1, p. 6

² Book 1, Part 1, p. VIII-20, RTS adds that this project should be further studied by the national government. Thus throwing no new light on what PNKA investment plans should be.

Table 1 - SUMMARY INVESTMENT RECOMMENDATIONS FOR INDONESIA

	<u>Millions US\$</u>		
	<u>1970-1980</u>	<u>1980-1990</u>	<u>1970-1990</u>
<u>A. Maritime</u>			
Port	83.3	18.9	102.2
Vessels	39.5	79.0	118.5
Subtotal maritime	122.8	97.9	220.7
<u>B. Land Transport Infrastructure</u>			
Low estimate	613.9	-	613.9
High estimate	773.6	-	773.6
<u>C. Aviation</u>	91.8	12.0	103.8
<u>D. Total</u>			
Low estimate	828.5	} 109.9	938.4
High estimate	988.2		1098.1

Source: Tables 2, 6, and 7 of this memo.

Table 2 - MARITIME INVESTMENT RECOMMENDATION FOR INDONESIA
1970-1990

	<u>1970-75</u>	<u>Millions US\$.</u> <u>1975-80</u>	<u>1980-90</u>	<u>1971-85</u>
A. PORTS				
. Tandjung Priok	10.7 ^{1.}	11.9	4-5.0	27.6
. Surabaya	1.5	27.3	5.8	34.8
. Belawan	10.5	5.8	0.6	16.9
. Bitung	8.0	0.6	-	8.6
. Upgrade feeder ports	5.0	7.0 ^{2.}	-	7.0
. Develop a new deep-sea port in S. Sumatra	-	-	7.5	7.5
Subtotal ports	34.2	49.1	18.9	102.2
B. VESSELS				
. Rehabilitation	n.i	-	-	
. SEA ALL-PURP SE SHIP	-	39.5	79.0	118.5
. Oil Tankers (As required by P.N. Pertamina)				
Others	i.r.	i.r.	i.r.	
Subtotal	-	39.5	79.0	118.5
C. DREDGING (included in port projects at Surabaya, Belawan and Bitung).				
D. DRYDOCK (no investment levels recommended).				
E. NAV.AIDS				
	i.r.	i.r.	i.r.	
F. TOTAL INVESTMENT IN MARITIME PROJECT				
	34.2	88.6	97.9	220.7

1. This seems to contradict the investment program outlined in Book 1 Part 2 p.4-43 Where "the costs will be about \$4.5 million spread equally over 1972-1976 and another \$18.1 million for containerization facilities, heavily concentrated over the next five years".
2. 50% is allocated during the period 1970-75 and the remainder in 1975-80.

n.i. = not including

i.r. = included in regional projects

Sources: Book 2, chapter 3 Table III-4, Tandjung Priok p.78, Surabaya p.86, and Belawan, P.95.

Table 3 - MARITIME INVESTMENT RECOMMENDATIONS ON A REGIONAL BASIS
1970 - 1990

	<u>Millions US\$.</u>	
	<u>1970 - 1980</u>	<u>1980 - 1990</u>
A. Vessels		
• Enter major world wide container ship consortium	221.8	---
• Acquire parcel tankers for palm oil and other bulk	10.1	---
• Acquire log and timber carriers	44.2	---
• Acquire bulk carriers for maize, ores, sugar, and possibly rice	31.5	---
Subtotal	<u>307.6</u>	---
B. Navais	15.0	
C. Total	<u>322.6</u>	<u>---</u>

Note : Indonesia's portion of these costs will probably be small because of the low rates of return these investments offer.

Source : Table VI-3 and VI-2.

Table 4

Technologically Specialized Ships

<u>Type</u>	<u>Cost</u> <u>(Million US \$)</u>	<u>Internal Rate of</u> <u>Return in %</u>
1. <u>Specialized log and lumber carriers</u>		
• 6,000 DWT	1.8	2
• 10,000 DWT	2.5	9
• 15,000 DWT	3.4	12
• 20,000 DWT	4.3	14
2. <u>Specialized Parcel Tankers</u>		
• 10,000 DWT	2.8	2
• 15,000 DWT	3.4	17
• 20,000 DWT	4.5	18
3. <u>Bulk Carriers</u>		
• 15,000 DWT	3.4	11
• 30,000 DWT	6.3	14
• 50,000 DWT	10.0	17
4. <u>Petroleum Tankers</u> ¹		
• 50,000 DWT	10.8	14
• 100,000 DWT	16.0	18
• 150,000 DWT	21.0	24
5. <u>Container Ship</u>		
• 25,000 DWT	17.0 ²	42

Notes: 1. Petroleum tankers are not included in the investment program for Indonesia.

2. This does not include the cost of containers.

Sources: RTS, BOOK I, Part I, Chapter III.

Table 6 - AVIATION INVESTMENTS RECOMMENDED IN INDONESIA
1970-1990

	Millions US\$.			Remarks
	<u>1970-80</u>	<u>1980-90</u>	<u>1970-90</u>	
A. AIRPORT INVESTMENT				
. Intercontinental airport (1)	22.0	12.0	34.0	Djakarta
. Regional airport (1)	3.0			Ball
. Domestic				
Main (4)	40.0			
Secondary (13)				
Subtotal	65.0			
B. AIR OPERATIONS SUPPORT FACILITIES.				
. Communications	4.29			
. Nav aids	1.04			
. Search and Rescue	0.12			
Subtotal	6.25			
C. FLEET				
. Domestic Service	16.0			
. International Service	0.1			
Subtotal	16.0			
D. FLIGHT INSPECTION PRO RATE				
TOTAL REGIONAL COSTS OF \$5.81.	1.0			National Basis
E. TRAINING				
Air communication training	3.5			
F. T O T A L				
	91.8	12.0	103.8	

Note : 1. In addition, there is a regional project for flight inspect service with a total cost of \$3.8 million. Indonesia's share might be in the order of magnitude of \$1 million, Bk.2, Ch. 5, p. 268.

Source : Table VI-3, VI-6, Fleet Requirement Book2, chapter 5 - p.36, flight inspection service p.268, training, p.289.

Table 7 - LAND TRANSPORT INFRASTRUCTURE INVESTMENT RECOMMENDATIONS
1970 - 1980

	Millions High Estimate	US\$. Low Estimate
A. Highway Investment		
. Review by RTS 1.	488.9	488.9
. Projects Identified by Sources ¹ . other than RTS	86.7	-
Subtotal	575.6	488.9
B. Rail Road		
. Review by RTS 2.	148.0	108.0
C. Subtotal	723.6	596.9
D. Inland Waterways		
. (Not included in investment program 3. but discussed by RTS).	50.0	17.0
E. T o t a l	773.6	613.9

Source: 1. Book 2, Chapter 2 p. 290
 2. Book 2, Chapter 2 p. 291
 3. Book 2, Chapter 2 p. 75 Only the most preliminary economic justification is given for this investment by RTS, but it is included here as the "order of magnitude" investment required for this mode.

N o t e : The highway projects include the rehabilitation of priority roads but do not include a feeder road program. The Trans-Sumatra railroad was examined and analyzed by RTS and was excluded from the recommendations. Its cost is estimated at \$67.5 million excluding the additional rolling stock which would be required.

Table 8

Costs and Costs per Unit

Annex V. 4/29

Line: **PLUWATINES IN JAVA AND MADURA**

3.940 Km.

	Train	A		B		C	
		Passenger	Freight	Passenger	Freight	Passenger	Freight
	Cost elements	T Rp.	T Rp.	T Rp.	T Rp.	T Rp.	T Rp.
1	Locomotive	122.484	42.480	81.422	20.702	72.585	52.036
2	Train guard	102.906	37.445	72.527	17.883	72.058	36.126
3	Station	382.970	296.753	474.209	113.574	479.000	108.310
4	Road crossing	20.476	17.314	20.485	17.244	30.665	17.415
5	Way and works	322.269	187.950	195.924	93.074	222.706	115.460
6	Rolling stock maint.	1.763.022	1.002.277	1.522.086	516.330	1.543.792	311.162
7	Handling	237.005	140.700	33.312	42.200	99.970	62.460
8	Brackmen	6.702	44.173	-	-	-	-
9	Premia	2.927	1.233	2.534	1.230	5.724	3.546
10	Sum: 1+9	2.982.417	1.886.237	1.940.477	801.560	2.821.570	897.514
11	Fuel	686.362	244.734	320.070	194.640	589.023	254.200
12	Rolling stock spare parts	1.778.057	1.012.212	1.203.886	320.854	1.427.258	514.263
13	Way + works	1.169.342	747.777	814.320	472.027	874.969	592.004
14	Sum: 11+13	3.632.761	2.504.723	2.438.276	1.117.481	2.771.250	1.325.466
15	Expenses: 10+14	6.615.178	4.390.960	4.378.753	2.018.991	5.592.820	2.222.980
16	Fuel	378.000	300.000	180.000	102.000	218.000	112.000
17	Spare parts rolling	-	-	-	-	-	-
18	Way + works	-	-	-	-	-	-
19	Sum: 16+18	-	-	-	-	-	-
20	Expenses w. for: 15-19	-	-	-	-	-	-
21	Locomotive	456.720	422.198	465.772	275.744	580.116	266.972
22	Cars	771.777	368.402	492.883	164.303	514.710	283.562
23	Way + works	1.722.001	1.426.480	1.605.229	1.078.398	1.589.327	1.195.046
24	Sum: 21+23	2.950.500	2.217.080	2.563.884	1.518.445	2.684.153	1.645.580
25	Locomotive	671.821	862.332	772.837	479.761	851.279	506.732
26	Cars	612.792	704.883	783.444	331.122	824.515	574.900
27	Way + works	6.734.102	4.442.804	5.260.310	3.411.219	5.452.742	3.568.621
28	Sum: 25+27	7.988.715	6.009.019	6.816.591	4.222.092	7.128.536	4.646.253
29	Full cost	12.982.364	8.424.736	10.762.771	7.763.604	10.822.575	6.775.943
30	Per km. x 100	3.295.954	2.138.240	2.731.964	1.969.944	2.746.977	1.719.742
31	10.30 Locomot.	9449	2.202	0.617	1.235	0.818	0.516
32	10.30 Inventory	1.156	3.721	0.776	1.769	0.397	0.792
33	10.30 Expenses	2.106	6.924	1.394	2.998	0.719	1.328
34	10.30 Tax	0.128	0.445	0.057	0.161	0.054	0.084
35	20.30 Locomot.	1.986	6.077	1.337	2.835	0.661	1.242
36	20.30 Inventory	0.939	3.304	0.816	2.261	0.382	1.090
37	20.30 Interest	2.472	8.929	3.173	6.274	1.024	2.776
38	20.30 Full cost	5.518	18.759	4.383	11.535	2.124	5.105
39	Cost w. out tax	4.798.946	7.021.947	7.906.282	5.074.632	8.190.403	5.390.546
40	Per km. x 100	1.218.000	1.782.789	2.006.709	1.286.773	2.075.106	1.375.844
41	Spec cost 40 x 30	2.674	8.323	1.866	3.992	0.962	1.884
42	Cost/Loc. T.km.	-	-	-	-	-	-
43	Cost/Train km.	-	-	-	-	-	-
44	Revenue T.Rp.	2.606.467	3.187.206	3.686.467	3.107.206	7.741.147	8.515.834
45	Per km. x 100	1.173	1.735	1.173	1.735	1.109	2.008
46	44x100:30 11 % II	21.660	25.247	26.773	41.063	51.994	99.665

COUNTRY COMMENTS ON RTS - LAOS

In reading the Report presented to the Committee, the Delegation from Laos is very surprised to note that the majority of projects have been excluded for Laos. But we have noted that there are some projects concerning our country:

1. LA-14(R) - Expand regional airport facilities - Vientiane
2. LA-19(R) - Improve domestic airports and facilities - Laos
3. LA-26(R) - Improve the air navigation aid and aeronautical communications systems
4. LH-79(R) - Rehabilitate IG-9 from Savannakhet to Lao Bao (246 km) Laos-Vietnam
5. LH-81(R) - Construct Vientiane plain roads (195 km) - Laos

On the whole, we appreciated very much the different recommendations made in this Report. Because our country is an enclosed one, we have the interest in finding several openings to the exterior. The idea advanced in this Report is very important for the regional cooperation which our country needs. In particular we have two problems to raise:

1. The project LA-14(R) - being all works of airport extension of Vientiane.
 - a. Extension of taxiway and airplane parking with Japanese aid.
 - b. Extension of air terminal and installation of navigation aids with French aid.

All these heavy works will be terminated on 1st March 1973. It is the reason why I insisted that the project be planned and financed in order that we could complete the different equipment designed for this airport.

2. The project LH-79(R) - Road from Savannakhet to Lao Bao. For this project, we insist that it be planned immediately at the end of the hostilities in Vietnam. It is because Da Nang will be our new opening to the sea with Saigon and Bangkok.

October 26, 1971

COUNTRY COMMENTS

ON
RTS

MALAYSIA

The South East Asian Regional Transport Survey Report has adequately covered the various transport and communications projects in the Region in its attempt to promote and develop a regional integrated network of Transport and Communications facilities. It is noted that the survey is not intended to appraise each project in detail as this is far beyond its capacity and resources in the short space of time given covering as it says seven countries, nine economic sectors, six transport modes and 20 years of the future. Such detailed studies can be followed up later by the respective Governments after they are being identified or confirmed/recommended for implementation by this survey. The superiority of this survey vis-a-vis a project survey or even a country-wide survey is that it considers from the regional aspect as opposed to confining only to the needs of each country. Thus our project like Kuantan Port has more justification in this survey as it is viewed in terms of its importance to promote regional trade with countries on the South-east China sea. Stretching further the ferry-service between Indonesia (Sumatra) and Malaysia should be supported by the survey to be given the financial aid to help the project at the initial period until the take off stage. In addition it also takes into account of other investment opportunities which create or stimulate demand for transport facilities.

It is observed that it made use of the information and data of the previous studies, modified and built upon them in the light of new information, changing circumstances and so forth so as to save time and expenses. In most cases the major findings are the same and variances are found only in scales of the projects. However, certain factual corrections are proposed as below:-

Book Two Chapter 1

Page 149:

The second para: "No ports of any size on the east coast" should be amended to read, "in the east coast there are only minor ports for coastal vessels less than 1000 deadweight tons".

Page 150:

The last sentence of para 3 should read: "An alternatives means of transport must be used, which may necessitate port, railway and highway developments in other ports of West Malaysia such as in Kuantan and Johore Bharu".

Book Two Chapter 2

Page 122 - East Malaysia - Sabah Ports

The statement on page 122 about the port of Kota Kinabalu is confusing. In the last sentence of the first para it states that the potential traffice from the port's sparsely populated hinterland, though expected to grow does not warrant the necessary investment into such a port until at least 1980. But in the last sentence of paragraph 2 it says just the opposite, quote "It is believed that before 1980 portions of this highway need to be up-graded in order to accommodate cargo flows estimated at 1.5 million tons which will pass through the port by 1980, the existing facilities cannot even cope with the present traffic of barely 100,000 tons.

In another part of the report it concludes that there is no need to develop Sandakan port and Sandakan port will not receive containers as these can be brought through Kota Kinabalu once Kota Kinabalu-Sandakan road is completed. In view of the confusion and probably the consultants have not obtained enough information on these two ports (Kota Kinabalu and Sandakan) for their benefits as well as for correcting the erroneous statement made in the report, I reproduce below the extracts of the World Bank team's Appraisal Report on Sabah Ports dated 28th May, 1971.

"This report appraises a project for the construction of two new ports in Sabah and the provision of port equipment and the training of port personnel. Sabah is one of the two states of East Malaysia and is situated in the northern part of the island of Borneo 1,000 miles to the east of West Malaysia. It is mountainous and covered with dense tropical forests, a topography which emphasizes the importance of ports in the State's transport system.

Kota Kinabalu and Sandakan, where the new facilities are to be constructed, are two of the largest ports in Sabah, handling some 60% of its imports and 80% of its exports. The existing facilities in both ports are too small to handle even the present cargo volume. Furthermore, they are too weak to support loads required by modern, efficient cargo-handling operations and are deteriorating rapidly. Consequently, port congestion is increasing.

The construction in each of the ports of Kota Kinabalu and Sandakan consists of about 1,750 ft. of quay; a transit shed, ancillary services, administrative and workshop buildings; consultant's services for detailed engineering and construction supervision, further soil investigations and hydrographic studies.

Traffic forecasts are difficult to establish due to lack of past statistical records. The proposed project will, however, yield a satisfactory economic return of 18% at Kota Kinabalu and 41% at Sandakan even on the basis of conservative traffic forecasts. Main benefits will be faster turnaround of ships and lower handling costs.

Economic Evaluation

Traffic

Present and forecast traffic volumes are shown in Tables 3 and 4, and summarized below. Comparable data for earlier years are not available.

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1985</u>
	('000 tons)					
Kota Kinabalu:						
Dry Cargo	239	267	305	368	457	567
Bulk Petroleum	61	54	71	114	184	296
Sandakan:						
Dry Cargo	226	262	310	397	509	650
Bulk Petroleum	108	88	106	191	344	620
Logs (stream)	1,563	1,854	2,036	2,599	3,317	4,233
Palm Oil	2	5	6	90	115	130

Logs are loaded in the stream at Sandakan and palm oil either in the stream or at a special facility and therefore neither commodity influences port capacity requirements. However, as explained in the financial evaluation, both have an important effect on future SPA revenues.

Dry cargo, excluding export commodities and imports of automobiles, is forecast to increase at 4% per annum at Kota Kinabalu and 5% at Sandakan. Export commodities, and imports of automobiles and petroleum products were forecast individually.

Total dry cargo is forecast to increase at about 4½% per annum at Kota Kinabalu and 5% at Sandakan. At these growth rates the proposed project will provide sufficient capacity to 1984 at Kota Kinabalu and to 1981 at Sandakan. If an 8% growth rate is assumed, the project will provide sufficient capacity to 1980 at Kota Kinabalu, and to 1979 at Sandakan.

The principal uncertainties influencing the traffic forecasts are:

- (a) the rate of growth of Sabah's exports, particularly timber; and
- (b) the extent to which per capita income and consumption will be affected by the growth in exports.

It is estimated that there is a 75% probability that the growth rate of dry cargo traffic will be within a range of 4½% to 8% at Kota Kinabalu and 5% to 8½% at Sandakan.

Page 146 (c)

The second and third sentences of this paragraph should read: "Present major exports are metallic ores, rubber and logs. Iron ore and log exports are on the decline but they are made up by the increase in the exports of ilmenite ore and wood products".

Page 148 Para 3(b)

Second sentence of this paragraph should read: "Present ferry capacity appears adequate to handle traffic until 1974 only".

Page 153 Last Sentence (spelling mistake only)

Kuantan - Gambang.

Page 158 Para 1(a) (only comment)

It is presumed that the Consultants are aware that the Government of Malaysia is now constructing a new port for Kuching at Pending Point where vessels of up to 25 ft. draft can berth alongside. The existing Kuching port at Tanah Puteh can take vessels up to 17 ft. draft only. However, we are in agreement with the consultants that the port will continue to be a feeder port to West Malaysia and Singapore.

Page 256(e) Malaysia

The first sentence should read as follows:

"Malaysia does not have any urban centre with more than 500,000 persons except its capital, Kuala Lumpur. Penang and Ipoh are the only other urban centres with more than 100,000.

23rd October 1971

COUNTRY COMMENTS ON
RTS

PHILIPPINES

The afore-mentioned Draft Final Report was reviewed by different agencies of the Philippine Government, some of whom were never included in any of our previous Coordination Committee meetings.

As a "survey" it is the general consensus that the Contractors did a thorough job and we do not find drastic differences with the findings as stated. However, it is our feeling that some conclusions and recommendations could have been improved upon considering that adequate time was allowed the Contractors. We would refer specifically to the following:

- a. A conclusion that assumes that adequate local funds could be generated by the countries in the region for transport projects is misleading since in other portions of the Draft Report states that other non-transport infrastructure projects may be given higher priorities by some governments may not be as well off financially as others.
- b. Some projections, and recommendations stated in the Draft Report differ from those submitted in the Philippine Transport Survey Report which was completed just before the start of the Regional Transport Survey. No reasons were given for many of these discrepancies.

Attached hereto are some of the detailed comments on the Draft Report.

Comments:

Book Two, Chapter I - The Economy of the Region

- Macroeconomic and Sectoral Projections

The RTS projections of macroeconomic and sectoral variables were based mainly on a programming model. It is not within the scope of this paper to question the mechanics of the model, nor is it pertinent to question the validity of the projections obtained and the assumptions inside. It is, however, necessary to identify the proper value of these projections, and that is, they represent reasonable forecasts of the magnitude and direction of growth based on an appraisal of existing conditions and an assessment of the market and production capacities of the economy. As such, they provide the proper economic outlook and perspective for the objective of the survey, which is to identify the national and regional transport implications of future economic growth.

For the Philippines, the RTS growth model projects a 6.0 per cent annual growth for GDP (1970 prices) for the period 1970-1975, and a 6.6 per cent growth during the 20-year period 1970-1990. Exports are also projected to grow by an annual average of 8.0 per cent during 1970-1975. These projections are, on the whole, consistent with those of the country's revised 4-Year Development Program for FY 1972-1975. The Plan model projects a 6.9 per cent average annual growth for GNP during the four-year period. The growth of exports is likewise forecasted to be around 8 to 10 per cent per year.

Implications for Transport Development

This section, which is supposed to point out the implications of future economic growth on the development of transport facilities, is found to be inadequate in its treatment of developments in the transport sector. While it correctly points out the critical areas in the transport sector that need to be developed and improved, it does not take into account the numerous infrastructure projects currently being undertaken that are geared towards the improvement of such facilities.

In effect, the study summarizes the whole section by stating that "... the public investment program appears to have been inadequate both in relation to the needs of the economy and in comparison to other countries in similar stages of development". As to what particular feature of the government's infrastructure program that "appears" to be inadequate, whether in terms of the amount of investments or the particular type of project involved, these are not explained. In the 5-year infrastructure program covering 1971-1975, average investments required to support the various projects of the government will amount to nearly ₱1.5 billion a year. Of this amount, around 45 per cent is earmarked

for the construction and improvement of transport facilities, particularly roads and bridges. Clearly, the government has placed a great deal of priority in transport projects and perhaps, the conclusion drawn by the study on the inadequacy of the program are not only anachronistic but also without basis.

Comments (on Philippine transports only)

- a. The program of development of major transport facilities for the Philippines as sited in the report are included in the 4-year Development Program for FY 1971-74.
- b. On ports, we support the following recommendations:
 - (1) Restructure the present time-consuming customs procedures which hamper port efficiency and reduce port capacities.
 - (2) Rehabilitate deteriorating facilities.
 - (3) Maintain harbor on a continuing basis to prevent siltation in order not to reduce port capacities.
 - (4) Provide more storage areas to minimize congestion.
 - (5) Use fender piles with rubber fenders in lieu of fender cluster piles which prevents ships from docking alongside and use their side doors for unloading and using the ship's own gear.
- c. On the proposal to establish an independent port authority with complete responsibility for port operations, development, and maintenance to do away with the present split port administration, we submit the following comments:
 - (1) The establishment of port authority for individual ports would not be practical because only ports of sufficient revenue such as Manila, Cebu, and Davao can improve/expand and maintain their facilities, thus depriving other undeveloped but viable ports for expansion.
 - (2) However, if the proposal is to establish a single port authority with national jurisdiction over all existing ports and maritime transport, the recommendation may be found feasible, but it has to be studied carefully in all its manifold aspects as it involves the present activities of no less than three
 - (3) government agencies, each of which may

be reluctant to give up its present functions and responsibilities.

- (3) This proposal, therefore, should be the subject of an in-depth study to be participated in by the national reorganization committee.
- d. We believe the report provides guidelines in the study of port development, taking into consideration the problem of maritime transport both from the regional and local point of view and its interrelation with other models of transport facilities.
- e. On highways, we concur with the general observations of the report on the conditions of our networks, except on the following:
- (1) "..... and the asphalt surface crumble due to the heat of the tropical sun." Asphalt surfaces crumble or deteriorate not from the heat of the sun but rather from prolonged exposure to surface water and/or recurrent inundation of the road located on low flat terrain while under the action of continuous traffic.
 - (2) "..... a trip of 180 kilometers from Dadiangas to Cotabato takes 6 to 10 hours (average speed 20 km/hr)....." There are two routes from Dadiangas (General Santos) to Cotabato City. One route is from General Santos through Marbel, Tacurong, Midsayap and Cotabato City which admittedly is not a well developed and maintained road. The other route is from General Santos through Allah Valley to Cotabato which was constructed in accordance with the U. S. highway standard requirements. Although this later route is mostly gravel-surfaced, it is better maintained than the first route and motor vehicles can travel much more than 20 km/hr.
 - (3) "The BPH also exercises supervision over the construction, improvement, maintenance and repair of provincial and municipal roads." This is no longer true. The provincial district engineer directly under the provincial governor takes charge of the administration and supervision of these roads.
- e. On PNR, we concur on the findings of the RTS. The rehabilitation of track and rolling stocks of the existing main railway lines should be given the priority over the construction of the Cagayan Valley line.
- f. We agree on the observation of the RTS that, "there

is no single executive department with overall responsibility for coordinating the various agencies involved in planning and controlling the different modes of transport.

Comments:

Book Two, Chapter IV - Maritime System of the Region

1. While one major effort of the RTS has been concentrated on the assembly of complete data for the year 1967 (the most recent year for which data from all countries were available on cargo flow in tonnage terms), the end-result shown is a compilation of data from various publications with no indication that such data were cross-checked and not just taken at their face values. There is no objection in obtaining data from other publications provided some random checks or verification have been done on the same.
2. There was no detailed effort to correlate the economic-size vessels with the commodity flow studies made by the RTS. Vessel equivalents, as reported, give a misconception of the required number of vessels to carry the different types of commodities. It cannot be stated with certainty whether the stated equivalents are just what they are or they refer to the number and size of vessels, making so many trips a year and carrying the stated cargoes. If it is on the first instances, then the number of DWT-equivalent vessels have very little meaning or use.
3. Assumptions have at times, been arbitrarily chosen with no logical explanation whatsoever. Had there been such explanatory notes, not found in the particular volume, then references should have been made to the effect that such can be found in other volumes. For instance, on pages 98-99 of the report, it is believed that it would give the reader a better appreciation of operating characteristics and costs of SEA class vessels, if some explanations were made on why the RTS Team adopted the assumptions that the economic life of the vessel is 15 years and the opportunity cost of capital is 8%. Another instance can be found at the bottom lines of page 124, where it was assumed "that the RTS fleets are being replaced at a rate of 5% per year while non-RTS fleets are being replaced at a rate of 6% per year, and that the RTS fleets will grow at a rate of 5%.
4. There had been instances wherein basic shipping principles are discussed at length, and instances where constructive recommendations are given little space or are stated in broad terms.

5. It was stated in the report that the RTS Team carried the design of an all-purpose Southeast Asia (SEA) ship through the conceptual stage. The analysis has been carried out well and the results are encouraging. However, the projection are premised on the design goals enumerated on page 98 which if scrutinized more closely will have some dependence on port services attainable at loading/discharge points! Hence, it may be pertinent to ask the question whether this aspect has been considered in arriving at the operating cost figures stated therein.
6. It might help, for comparison purposes, to show also the operating cost per ton of cargo carried of a representative type of vessel presently used in the region. The statement on page 96 under summary of conclusions presupposes that the RTS Team knows this, otherwise they would not be making such a conclusive remarks.
7. Furthermore, in consideration of the tight financial conditions of the countries in the Region, it would have greatly enhanced the position of the RTS Team on the SEA-vessel if they have presented the cost of converting representative type vessels (second-hand tonnage) having the same desired ship characteristics. Or, they could have looked at proven designs that could be made adaptable to the specific trades. This last item is made to the effect that it takes years to develop a new ship design and then later prove its adaptability to the specific trade(s), it was conceived. The countries in the region could ill-afford such an experimental venture

BOOK TWO, Chapter V

The report, insofar as the Republic of the Philippines is concerned, confirms our own findings and action programs. This is perhaps due to the recently-completed Philippine Transport Survey conducted under the administration of UNDP.

COMMENTS ON ADB REGIONAL TRANSPORT SURVEY

APPENDIX A

1. That the growth model used was fairly simple is understandable in view of the disparate state of statistics in the different countries in the region. While the results generated constitute reasonable approximations of key parameters, however, it may still be worthwhile to use for the Philippines, the growth model that was developed and applied in the preparation of the Development Plan for FY 1972-1975. This should not be difficult inasmuch as "the system was prepared with a view to modifications".
2. Given the availability of more recent estimates of national accounts figures for the Philippines, the study's estimates for 1970 should be revised, and projections for 1975, 1980 and 1990 adjusted accordingly.
3. Projections of trade flows were supposed to be based on analyses of future conditions rather than a mechanical extrapolation of past trends. Yet, for source wise distribution of ROW to RTS trade flows, the coefficients obtaining in 1970 were assumed constant. If past trend shows some significant shift in these coefficients, it may be more accurate to extrapolate on past trend rather than holding the 1970 picture constant.
4. The constant-1970 approach warrants a review especially in view of current developments in the international monetary mechanism, which cannot but have significant impact on trading patterns.
5. Outside of these, however, the iterative system used to arrive at nodal trade flow matrices is sound and acceptable.

APPENDIX B

Based on the 1970 census, the population estimate, as forwarded, is 36.8 million. This is 1.3 million less than the RTS 1970 estimate for the Philippines of 38.1 million which is the take-off point of its projections.

	<u>Estimates in Thousands</u>				
	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
Census	36,849	42,743	49,579	57,506	66,705
RTS: Low	38,120	43,427	49,426	55,451	61,446
Medium	38,120	44,346	51,985	60,814	70,536
High	38,120	45,026	54,085	64,721	77,646
Recommendation	36,849	41,979	47,772	53,600	59,389

The census estimates were based on the census figures of May 6, 1970 using the 3.01 per cent rate of growth constant through-out the period of projection. On the other hand, the RTS estimates were projected on the basis of three varying assumptions: (1) declining fertility and mortality rates for the low projection; (2) constant fertility rate with a declining mortality rate for the high estimates; and (3) the arithmetic mean of the high and low projections for the medium estimates.

Of the four, the RTS low projection's growth rates seem to be the most realistic. They closely represent the expected outcome of the currently small-scale and semi-official family planning action programs being undertaken primarily by the private sector. In time, the public sector is expected to join the project. However, its starting point figure of 38.1 million is inapplicable; since the census estimate is already available.

Taking into consideration the above, a compromise projection is recommended; wherein the 1970 census figure and the RTS low projection growth rates are used.

APPENDIX D, PART I

1. The two Cotabato provinces are not mentioned as among the major rice growing areas of the country. Within the projection period, the two Cotabato provinces (Cotabato and Southern Cotabato) should continue to be major rice production areas.
2. The basis for the projection that some 330,000 hectares of land will be provided with tube well irrigation is doubtful. No major sources of ground water have been identified in the country to justify the projected installation of such a magnitude of tube wells within four years.
3. The premise for the projection of possible corn exports seems doubtful. The country is now a net feedgrains importer and corn exports, while desirable, seem unlikely.
4. Scheduling of production by means of irrigation to lengthen the sugarcane milling season is probably being practiced in some milling districts. However, this is by no means a general phenomenon, since only a small portion of sugarcane farms is now irrigated.
5. It would be useful if the estimated investments in ports and harbors were clearly identified. The estimates in broad magnitudes are not useful in defining the needs of the country. Specific sites to meet specific needs should have been identified so that the harbor investment needs and/or potentials within the country would be known.

APPENDIX D, PART 2

Vegetable Oils

1. Last statement in third paragraph on p.18 is misleading. Coconut production in the Philippines will tend to be concentrated in Mindanao in the future.
2. The wealth of data on consumption and marketing trends provide very helpful insights on what the future patterns of consumption and prices would likely be in the 1970s and 1980s. The projections for coconuts underline the difficulties which this major Philippine product will likely face in the future. The palm oil producers of Malaysia may fare much better in the lauric acid field in competition with liquid oils (e.g., soybean oil), rapeseed oil, sunflower oil) and synthetics than the Philippine coconut producers. The task of maintaining its share of the fats and oils market may prove very difficult for the Philippines. If the Philippines wants to keep its share of the market, it should now take steps to improve its productivity in coconut production. Its late in the day.

Forest Development to 1990

1. This sectoral study is very comprehensive. It should be a very useful guide for potential investors in logging and wood processing industries. The information provided in Table 19 (p.37) should be very useful to financial institutions like ADB and government institutions like the Board of Investments of the Philippines.
2. The ISM Logging Model is a very useful addition to this particular study.

APPENDIX D, PART 3

1. Metallic Minerals Development

The Mineral Development aspect discussed only the past production and possible future development of the mineral industry. Although the inadequacies of the existing loading facilities of the operating mines were mentioned, no recommendations at all were made as to how these problems can be solved or minimized.

We are making these comments with reservations since we really don't know the terms of reference of the survey. However, it might be mentioned that the Metral Report which was also on Transport Survey conducted for the Philippines has included some recommendatory measures covering existing problems.

2. Manufacturing

The report on the manufacturing activities in the Philippines is too general. There should have been more detailed studies on the transport requirements considering that the present policies of the government has been redirected towards export-oriented industries and that transportation has always been a problem in the country. The study should have touched on shipping cost implications and similar problems.

3. Manufacturing in the RTS Region

The word "registered" should be inserted since there are projects which may be classified as preferred/pioneer or preferred/non-pioneer but can not be eligible for incentives unless they are registered with the Board of Investments. Also, the phrase "most favored types" should be changed to "qualified". This will sound more objective.

APPENDICES F & G; J & K; M, N & O

1. General Observations

1. Based on the three volumes covered, the RTS Study looks like a solid piece of research, minus frills and exaggerations. It would seem to have various minor flaws, however, which are herein discussed and suggested for improvement.
2. A general characteristic of the Appendices reviewed is the limited objectives set for each study, the reluctance to aim at or claim achievement of operational solutions, or even of fully-developed techniques. Was this the result of time and data constraints envisioned before the studies were started, or did unforeseen problems lead to a lowering of goals? In either case the process of making the study may be fully as interesting to read about as the study itself. Follow up work by various agencies will undoubtedly be necessary to get full value out of the preliminary findings and the analytical methods developed.
3. Appendices F and M both bring out the generally high cost of rail transport in the region. In F, both a highway - and a highway-tanker scheme are clearly superior to two schemes incorporating rail; in the other F study the costs of running the railroad approximates the costs of both operations and investments for highways. In M four out of six of the rail investments projects included in the basic list had benefitcost ratios below 1.00. Appendix N on training also notes the scarcity of facilities for training rail personnel, relative to air, highway, and shipping. Would the RTS be able to make some general statements on the future of rail transport in the region, as a guide to policy-making?

II. Appendix F: Case Studies in Intermodal Analysis

A. Evacuation of Palm Oil from the Pahang and Trengganu Provinces in West Malaysia.

1. Offhand, it would seem more useful to attempt a general programming of palm oil transport from the ten producing provinces rather than just sub-optimizing for Pahang and Trengganu. The general increase forecasted in sizeable and present transport arrangements can hardly be expected to be near optimal. Even just an algorithmic approach could be valuable and a l.p. model seems possible, e.g. consider alternate routes from one province to a particular port as distinct destinations or "ware-houses".
2. Again, if only two provinces are taken, either Selangor or Johore might be preferable to Trengganu, for their real tonnage increases forecasted are much greater, and it is real not "relative increase" that is to be planned for. Perhaps the practical advantage of studying Pahang and Trengganu, however, lies in the fact that production there was almost non-existent at date of study, and consequently there was need to devise a transport plan from scratch, and there would be no equipment-channel wastage involved in implementing the plan. (What the real situation was, at the time of study, makes up an example of the type of background facts of interest to me.)
3. Could the RTS comment on the usefulness of sub-optimizing now and then trying to optimize at a later date, in this case. Is the extra adjustment believed minimal and why?
4. Could a palm oil tanker figure in a Torrey Canyon type disaster, considering frequent typhoons, and have costs for such been calculated?

B. Rail Abandonment on Java.

1. The presentation of data in tables could be improved.
 - a. There appears to be a mistake in Table V-8, p.288. The table probably seeks to chart the traffic retained but then Case I is impossible; if traffic diverted is charted then there is a mistake in Case 2-4.
 - b. Several different yet similar route tabulations are given for the various tables - V-6, data on p.291, V-11 etc. Could not just the V-6 classifications be used?

III. Appendix G - Network Simulation of the Regional Surface
Transport System
Appendix J - Cargo Flow Analysis

(These are taken together because J is actually a preliminary to G. Perhaps the arrangement of appendices could put them near each other.)

1. J studies 1967 data and notes various problems and judgements involved in pinning down the figures. The breakdown presented is for four cargo classifications, flowing intercountry. The network in G, however uses the ten SITC commodity classifications flowing between thirty-eight country-segment nodes. Data said to have been run on this model is for 1970.

The obvious gap between J and G leaves in doubt the following points (among others):

- The desirability of presenting study J as is - why not use 1970 data in study G detail?
- The operationality of the G network. In fact no more than sample figures are presented and the specific conclusion of no serious current shortages of capacity is unverifiable.
- The operationality of the network in forecasting shortages and adding to the project list. (For this, however we are referred to Chapter II which was not studied by me.
- The nature of the judgements and calculations involved in obtaining 1970 figures. Presumably these were more extensive and hypothetical than for 1967,

IV. Appendix K - A Study of Ocean Freight Rates

1. The study seems to lack integration and depth. Suggested improvements would be:
 - a. More extensive and interrelated discussion of the significance of the two econometric models. Are they contradictory and if so over which segments studied e. e. - intra-regional or extra-regional shipping? Otherwise, can they be combined into one model? Notwithstanding non-inclusion of certain explanatory variables in the study, cannot some tentative conclusions be drawn on the causes of freight rate differences and levels?
 - b. An over-all perspective is not provided. The models and related analyses, however, provide some useful insights that could enable recommendations to be made on regional or individual-country policy towards liner conferences. A tentative recommendation "to leave well enough alone" would be preferable to non. Perhaps there would also be no harm in borrowing from

the UNCTAD study quoted in footnote, in assessing the fairness of liner conference rates to developing-country exports. Fairness/economic efficiency of shipping is a major issue in studying ocean freight rates and ought not be undiscussed in a study such as this.

2. An analysis might go as follows: Rates should be in reasonable relation to costs. Otherwise shippers and their home countries could theoretically seek redress thru a competitive line or through various government actions against monopolistic restrictions. But in the first model the major determinant of rates is value of cargo, which is not obviously related to cost. But it may be related to cargo handling costs, the major explanatory variable in the second model. This relation needs to be examined.

Again, the first model seems to imply monopolistic or oligopolistic pricing-the ability to vary rates arbitrarily, depending on the buyer's capacity to pay. On the other hand, model 2 brings out the theorem that more competition lowers rates, perhaps more so in extra-regional trade because of the smaller number of competitors and the bigger relative effect of entry.

3. A tentative conclusion might be: While more valuable cargo generally would need more careful handling, value cannot be the full explanation for cargo handling costs. Cargo handling costs, furthermore seem to have a disproportionate impact on rates - \$3.84 for every \$1.00 in costs. It would seem, therefore, that rates are not fully fair according to the cost criterion and that grounds for action by governments exist.
4. The effects on export producers of rates based on value could also be mentioned: they are discouraged from capturing higher value-added in their goods, they are encouraged to stick to simple exports and avoid more competitive, lower-margin, more complex goods. But extensive study of such effects would be out of the scope of this study.

V. Appendix L - No detailed comments are offered.

VI. Appendix M - Resource Allocation and Investment Planning Model

1. Could not the assumption that integer-type projects need be finished within one year be altered to allow:
 - a. Carry-overs from one year to the next of smaller projects.

- b. Projects which take more than one year but less than two years to complete.

An "if start now, must finish next year" assumption could cover these situations.

2. Has this type of investment planning model been put to use - has it shown its practical value? In the real-world situation tested by the study, the algorithmic, linear programming and integer programming solutions are little different.
3. Although the model may permit incorporation of pinpoint changes in project scheduling would not the need for early fund commitments to prospective borrowers prevent such incorporation in practice?
4. On second thought, what looked like an impressive example of the value of the model actually is trivial. If three projects at least two of which are scheduled are assumed mutually exclusive, only one of them can be scheduled and probably some other will be included to replace those dropped. One does not need a model to realize this. If project 8 - the new project had been inserted into the scheme at an early start date, however, the example would still have been impressive. But surely something better can be found.
5. In spite of problems and drawbacks, this looks like a very interesting and potentially useful set of tools and it is hoped that expertise involved and developed here will be shared with the many other agencies with investment programming responsibilities.

VI. Appendix N - Training of Transportation Personnel

1. In general it seems a good qualitative evaluation, bringing out points often stressed in reference to Philippine education:
 - a. The need for quality-better trainers and facilities rather than more throughput of trainees.
 - b. The need for technicians and the relative excess of professionals.
2. It is believed that the Philippine Air Force's training program has produced a significant number of pilots who now contribute to Philippine commercial aviation.

VII. Appendix O - Transportation Research in the Region

1. "Dissemination and promotion of the use of methodology developed in local research and research conducted by consultants on specific projects, so as to make it available to similar applications throughout the region".

It is hoped that this proposed function of regional research activities will be undertaken by the RTS proponents, for the RTS Study is a superior product which should be of great value and interest, and not solely in the field of transportation.

COUNTRY COMMENTS

ON
RTS

SINGAPORE

1. The Survey examines generally the present economic position of the RTS countries, its future economic development outlook and how transportation can promote regional economic development and co-operation. Its forecasts are based on certain general assumptions and would have to be examined in greater detail.

2. For Singapore, it has recommended inter alia the following projects for development -

- (a) expansion of inter-continental airport facilities in Singapore;
- (b) improve the air navigational aid and aeronautical communications system;
- (c) improve aviation search and rescue capabilities;
- (d) improve access transportation system to the airport;
- (e) expand or install facilities to handle conventional and container cargo;
- (f) improve urban transportation system.

3. For the region as a whole, the following have been recommended -

- (a) establish regional navaid flight inspection surveys;
- (b) establish regional railway training centre.

The Survey has also recommended the following transportation vehicles investments for the RTS countries -

- (i) establish regional airlines;
- (ii) enter on major worldwide container ship consortium;
- (iii) develop multi-purpose ships for regional and domestic trade.

4. In regard to airport expansion and navigational facilities. Singapore is presently spending S\$100 million to expand the Singapore International Airport at Paya Lebar. This includes the extension of runways, air freight and passenger terminal buildings, new fire station and navigational aids. Singapore has also proposed a multi-lateral agreement for search and rescue among the Asian countries.

5. Steps have also been taken to develop and improve our port facilities and services. The Port of Singapore Authority is presently reclaiming about 97 acres of foreshore at Pasir Panjang coast for the construction of a warehouse complex with a total capacity of 2.8 million square feet.

6. In regard to investment for transportation vehicles, the proposal will require further examination and discussion among the participating countries.

7. In regard to the recommendations for institutional development, further examination is also required. It would be necessary to define the composition, functions and the financing of the various institutions to be established. However, it is strongly recommended that the Asian Development Bank should be the appropriate agency to take follow-up action on any regional development programmes.

COUNTRY COMMENTS ON RTS

T H A I L A N D

The Regional Transport Survey has for the first time collected and recorded data from all parts of the Region into one report. Naturally the details should be checked by Member Nations so that any errors or omissions are adjusted before the final report is printed.

The Most important part of the study is the list of suggested development projects, especially the ones with a strong regional flavour. The study could not be expected to study these projects in detail and this work should be the next step in the course of regional development, the most urgent items been tackled first.

It is felt, therefore, that an early decision must be made as to the ways and means of studying the various projects in detail; first their feasibility then if suitable the raising of the necessary finance and the design and construction. This is perhaps the most urgent task of the meeting.

As regards Thailand, most of the projects recommended are already included in the Third Development Plan which covers the period 1972 to 1977. It is presumed that financial aid to assist in the five year plan, especially for these projects, will be forthcoming.

Comments from the Departments concerned are given separately.

Port Authority of Thailand

Comment on RTS Report in connection with Port Project

1. Deep-Sea Port Project

RTS viewed that Sattahip has definite advantages over Laem Krabang on the reason that:

1. Laem Krabang has no port at present, whereas a deep-sea port is already available at Sattahip, with a sunk cost of 47 million.
2. Dredging and maintenance cost at a depth of 40-45 feet at Laem Krabang would be higher than that of Sattahip.
3. Large industrial development should be centralized to Sattahip area because it would relieve much of the pressure on Bangkok.
4. The cost of land acquisition would be considerable at Laem Krabang, but negligible at Sattahip.
5. If Laem Krabang is built, the facilities at Sattahip could not be fully utilized.

The port agrees with RTS that the cost of construction at Sattahip would be lower than that of Laem Krabang. The port, however, feels that the difference in land transportation cost (between each port to and from the cargoes destination) has not been considered in the report. As the reduction in land transportation cost could contribute a great benefit to Thailand's economic development, the port would therefore request that this factor should also be considered in the final report. (Nedeco's evaluation in Baht 9/ton for bulk and 12/ton for container)

2. Containerization

The port views that participation in containerization would require major investment by port owner but the largest portion of savings will accrue to ship owners through reduced ship time in port. It is therefore very useful if RTS would consider the problem of distribution of benefits between port owner and ship owners in its final report.

Land Transport Department

Southeast Asian Regional Transport Survey: Draft Final Report

Correction, Addition and Comment

Land Transport, Highways, THAILAND

Draft Final Report: Book Two, Chapter Two

1. Correction:

- 1.1 Page 22, Table II - I, Catalog of Subregions and Nodes. Thailand Country, Subregion "East" location "Nakorn".

Correction: Nakorn Rachasima

- 1.2 Page 65, Table II - 12, Traffic Indices and Vehicle Stocks: 1960-1990. Growth Rate (% per year).

Thailand:

- (a) Vehicle Stock in 1970, indicated that 293,000

Correction: Vehicle Stock in 1970 is 737,810

- (b) Vehicle Stock in 1990, projection is 2,406,000

Correction: the projection of Vehicle Stock in 1990 must be based on the correction of the Vehicle Stock in 1970; 737,810.

Note: Data of Motor Vehicles Registered, by type, fiscal year 1966 - 70 have been attached.

- 1.3 Page 83, fifth paragraph "Two public enterprises are operating in the road transport industry in Thailand; the Transport Company and the Express Transport Organization (ETO). The former provides intercity highway passenger transportation and controls bus fares in Thailand"

Correction: "Among the highway passenger transport operations, two public enterprises are operating in the road transport industry in Thailand: the Transport Company and the Express Transport Organization (ETO). The former provides intercity highway passenger transportation"

Note: "and controls bus fares in Thailand."
must be crossed out.

2. Addition:

The duties of authorities concerned with the road transport and motor vehicles control should be added in the Bottlenecks section of Thailand highway transportation, in page 83, as followings:

- 2.1 Under the Transportation Act, the Department of Land Transport controls the road transportation in Thailand, and handles the testing and licensing of bus drivers, truck drivers and bus conductors; mechanical inspection of buses and truck; fixing bus routes; approval of permits for fixed route bus operators, charter buses operators, public and privately truck operators; control fixed route bus fares in Thailand.
- 2.2 Under the Motor Vehicle Law, the Department of Police handles the registration and licensing of all motor vehicles in Thailand; testing and licensing of all motor vehicle drivers, (except those who are tested and licensed by the Department of Land Transport); mechanical inspection of private cars, mini truck (less than 2 tons weigh).
- 2.3 Thailand lacks of closed coordination between the authorities concerned. In order to develop the road transportation economically and efficiently, the control of both road transportation and motor vehicles should be controlled under the only one law and by the only one authority. Demand for and Supply of road transport should be handled by only one authority.

3. Comment:

- 3.1 International road transportation development in the region should not improve only in the facilities but also in facilitation.
- 3.2 Intensive urban transport study and survey should be conducted.
- 3.3 ADB should provide technical assistance to the region.

T H A I L A N D

Motor Vehicles Registered, By Type : Fiscal Year 1966 - 1970

จำนวนรถจดทะเบียน โดยประเภทปีงบประมาณ ๒๕๐๙ - ๒๕๑๑

Type of Vehicles	1966			1967			1968			1969			1970		
	Bangkok & Thonburi provinces	Other provinces	Total	Bangkok & Thonburi provinces	Other provinces	Total	Bangkok & Thonburi provinces	Other provinces	Total	Bangkok & Thonburi provinces	Other provinces	Total	Bangkok & Thonburi provinces	Other provinces	Total
Fixed Route Bus รถโดยสารประจำทาง	3,041	5,363	8,424	2,796	7,200	9,996	3,736	8,302	12,038	3,568	9,256	12,824	4,194	9,589	13,783
Commercial Truck รถบรรทุกประเภทพาณิชย์	1,389	4,031	5,420	2,235	6,135	8,370	4,918	15,009	19,927	5,883	21,587	27,470	7,501	25,191	32,692
Private Truck รถบรรทุกส่วนบุคคล	21,217	47,436	68,653	24,689	49,976	74,665	24,726	44,059	68,785	22,036	56,231	78,267	25,147	66,693	91,840
Tax Exempt ยกเว้นภาษี	5,032	-	5,032	7,033	-	7,033	9,122	-	9,122	15,388	-	15,388	16,495	-	16,495
Private Car รถยนต์ส่วนบุคคลไม่เกิน 7 คน (less than 7 persons)	56,116	13,383	69,499	67,227	17,421	84,648	81,095	20,576	101,671	87,603	26,229	113,832	106,331	32,194	138,525
Tax Exempt ยกเว้นภาษี	6,180	-	6,180	7,825	-	7,825	7,545	-	7,545	21,033	-	21,033	26,652	-	26,652
Private Car รถยนต์ส่วนบุคคลเกิน 7 คน (more than 7 persons)	2,262	2,078	4,340	4,454	2,931	7,385	9,583	5,172	14,755	14,067	5,919	19,986	17,421	7,559	24,980
Tax Exempt ยกเว้นภาษี	2,628	-	2,628	2,993	-	2,993	3,144	-	3,144	4,850	-	4,850	5,995	-	5,995
Special Bus รถโดยสารพิเศษ	96	10,097	10,193	121	7,140	7,261	161	5,527	5,688	173	5,126	5,299	197	4,237	4,434
Taxi รถแท็กซี่	3,684	5,216	8,900	88,998	7,015	96,013	8,882	13,464	22,346	8,891	9,206	18,097	8,892	8,767	17,659

Type of Vehicles	1966			1967			1968			1969			1970		
	Bangkok & Thonburi	Other provinces	Total	Bangkok & Thonburi	Other provinces	Total	Bangkok & Thonburi	Other provinces	Total	Bangkok & Thonburi	Other provinces	Total	Bangkok & Thonburi	Other provinces	Total
Motorcycle รถจักรยานยนต์	36,764	118,416	155,180	44,892	166,309	211,201	53,168	187,689	240,857	46,347	240,929	287,276	55,295	270,256	326,551
Tax Exempt ยกเว้นภาษี	1,793	-	1,793	2,408	-	2,408	6,138	-	6,138	14,069	-	14,069	16,069	-	16,069
Side-Car รถสองล้อคน	30	6	36	16	7	23	21	7	28	20	15	35	22	9	31
Trailer รถพ่วง	400	1,592	2,092	378	1,548	1,926	246	1,332	1,628	288	1,248	1,536	1,181	1,201	2,382
Tractor Trailer รถพ่วงรถไถ	255	2,777	3,032	307	2,987	3,294	244	3,769	4,013	327	2,066	2,393	375	1,739	2,114
Tax Exempt ยกเว้นภาษี	48	-	48	68	-	68	1,034	-	1,034	172	-	172	191	-	191
Motortricycle รถจักรยานยนต์สามล้อ	7,257	1,709	8,966	6,855	1,775	8,630	6,701	2,122	8,823	6,764	9,206	15,970	6,799	1,687	8,486
Tractor รถแทรกเตอร์	3,417	2,492	5,909	4,837	3,370	8,207	4,400	3,441	7,841	4,972	4,095	9,067	6,975	4,264	11,239
Tax Exempt ยกเว้นภาษี	-	-	-	-	-	-	-	-	-	900	-	900	1,495	-	1,495
Diplomatic Car รถยนต์ทูต	513	29	542	632	19	651	863	33	896	127	14	141	990	30	1,020
Temporary License Car ใบอนุญาตชั่วคราว (ป้ายแดง)	-	-	-	-	-	-	-	-	-	795	-	795	848	-	848

Type of Vehicles	1966			1967			1968			1969			1970		
	Bangkok & Thonburi	Other provinces	Total	Bangkok & Thonburi	Other provinces	Total	Bangkok & Thonburi	Other provinces	Total	Bangkok & Thonburi	Other provinces	Total	Bangkok & Thonburi	Other provinces	Total
Roller รถบรรทุก	44	479	423	175	331	506	265	421	686	399	319	718	431	298	729
Fire Fighting Truck รถดับเพลิง	-	-	-	-	-	-	-	-	-	-	-	-	306	-	306
Total	157,181	215,124	372,305	188,939	274,164	463,103	226,292	310,967	537,259	258,672	391,456	650,128	303,746	434,067	737,813

Source : Licenses Division, Police Department.

ที่มา : กองทะเบียน กรมตำรวจ

Department of Highways

South East Asian Regional Transport Survey

Our general comment is that the study is of little value to the Department of Highways since it deals only in a very superficial way with Highways in Thailand. The superficiality is inherent in the broad nature of the study and the contents comprise little more than statements of fact and collations of statistics garnered from the Highway Department and other sources. The conclusions drawn are very broad and not helpful as a guide to Departmental policy. Even at higher levels of Government we doubt whether they will be of much help in policy forming or decision making, in respect of the highway sector at least.

There are some errors and shortcomings in the detail contained in the report, notably as follows:

Book 1 Part 1 Page V 4

The reference to a bottleneck in the system connecting Chiang Mai and Bangkok must be either an error or result from an omission on the part of the Consultants to check committed plans for improvement of the road.

The reference to a "second highway" to the North East might be better put as a "second carriageway" or as an "up-grading of the existing highway".

Page V 5

There appear to be no references or explanations of table V-1 in Book 1.

Page V 21

The recommendations for immediate action to reduce congestion in cities do not seem to be backed by any study. Some of them may, in general terms, be reasonable and reasonably obvious for Bangkok. Two are controversial:

- (i) Designation of bus lanes.
- (ii) Removal of truck and rail terminals outside the city.

These should not be recommended without adequate study.

Page VIII 18

An example to demonstrate the weakness of the report as an aid to policy or decision making is the listing of recommended projects which seem to have been merely projects already under consideration such as Item TH-92(0), the Si Racha - Rayong Road.

Book I Part II Page A 61

The first paragraph, second sentence under "3. Thailand" should read:

"North and North East Thailand will be connected by road when the portion of A 14 running East from Lom Sak is finished."

Generally speaking, however, this type of descriptive matter is probably not worth reprinting since the information is available to those who wish to know it, from so many other sources.

Page A 63

The plan of the land transport system of Thailand is so diagrammatic as to be misleading. For example the road connections to Denchai are wrong and the Maeklong Railway line is shown as connecting to the Southern Line.

Appendix E Page A 66

The figures in Table II - 28 do not confirm to those in Table II - 29 on Page A - 68. There are some errors in Table II - 28, such as 4,967, 6, 875, 4,761, and 18, 616 which should be corrected to 4,917, 6,785, 14,671, and 19,616 respectively.

Appendix E Page A 69

The Highways Department has jurisdiction over Provincial roads, in the nomenclature normally used in the Thai Government. Changwad roads should better be described as "local" roads to avoid confusion.

Memorandum

COMMENTS

BY

FOREST COCKSON, ADVISOR NEDB, THAILAND

Subject: Regional Transport Survey (RTS)

1. I have reviewed Vol. 1, the section on Thailand, and two of the Vol. 3 appendices. This memorandum covers some of the many issues raised by the RTS.

2. Perspective:

2.1 This seems to me an excellent professional piece of work. The many points raised herein should not distract one from the basic competence of this work.

2.2 The most difficult thing to assess is what has been gained from this study: Limited insights into the growth potential of the countries, but basically the growth analysis is too superficial. (This of course was not the basic task of the contractor). Some useful information on certain production sectors. (I did not review these at all). Trade forecasts the worth of which is difficult to assess. Some conclusions on transportation projects; yet in the case of Thailand, this contributes nothing to understanding of the transport problems nor a convincing analysis of the investment opportunities.

As originally conceived, I thought the RTS was meant to address the question - to what extent can improvement of intra-regional transport lead to an acceleration of economic growth? The causality here is important - the effect of the transportation projects would be to enhance development prospects. The main growth mechanism would no doubt arise from two effects:

- 1) Greater exports or
- 2) Economies of scale associated with specialization and hence greater transportation demands.

For example, a regional shipping line might lead to more rapid growth of imports. But to prove that this were true requires a demonstration along the lines of - the present situation is characterized by monopoly shipping lines; if this monopoly were broken by a regional shipping line, transport costs would fall and exfarm or exfactory prices would rise and production would expand. There are other obvious examples - many fall into the general area of potential economies of scale which can be exploited by the greater specialization. Still another example would be rate structures an intra-regional shipping which would create special incentives for the growth of trade within the regions. In broader context one might estimate how much potential regional trade would result if differential tariffs or exchange rates were established.

Now in fact these questions are not really addressed at all. The methodology works in quite the opposite way: Growth determines transport requirements. Some of these transport requirements may have a regional character due to geographic proximity, but for the most part the national economy is the major factor determining the transport requirements. Transportation from this viewpoint is passive, responding to growth but not leading it. The entire growth picture that underlies the RTS is the converse of what I sketched in prior paragraphs. This is not meant to suggest that the RTS viewpoint is incorrect. Actually I think it is correct, but it is totally different view than originally motivated this type of work.

What is useful about a regional transport analysis? Two points seem particularly relevant:

1) The regional transportation system may have network characteristics so that investment in some link can only be studied by a model that takes account of the total system. In such cases investments can only be determined by a complete analysis. The methodology used in the RTS has a very rudimentary network approach but none of the analytically interesting issues in network analysis are addressed. For example, typical networks determine traffic flows by something like a cost minimizing rule; but the network analysis in the RTS has no such features and makes no attempt to study the causes or consequences of shifting the shares of trade.

2) When regional exports are a major share of total world exports, then there are interactions among the countries through competition for export markets.

The sector studies in some fields are certainly useful - e.g. rubber and timber where the regional share of world trade is large.

3. From the above points I conclude that what has been done is good but not very instructive.

Appendix A/Vol 3

This appendix describes the methodology used in the trade flow projections. The method used has two approaches:

1. A simple growth model
2. Detailed commodity forecasts from commodity projections.

These are then cross checked with the growth model and the results of each "adjusted."

Growth Model. The growth model used is a simple Harrod-Domar model. The growth rate is assumed. The consumption function and a capital-output ratio then give investment and consumption. (There is no explicit government sector). Exports are exogeneous. Imports are disaggregated and each equation estimated using output, consumption, investment, or some combination. If all this is done, there is no guarantee that the national accounts identity is satisfied. This is the old fashioned "two gap theory". Then if there is a difference in the gaps, the parameters of the model are adjusted (through "policy measures"). This process of adjusting parameters can be described in terms of what policies the Government might carry out. But this adjustment means little. The connection with policy measures is hopelessly vague; real instruments such as tariffs, taxes, Government expenditures, monetary policy, devaluation are all completely outside the structure of this type of two gap model.

In my opinion the growth model approach tells us nothing about transportation requirements. A generalized "guess" about the GDP growth rate is enough. The imports can be forecast from this single growth rate and some estimated demand functions, e.g. The yen-deutsche mark revaluations do not effect the outcome of these models at all. In fact prices, terms of trade etc. are just not considered.

One does not expect very high standards of statistical analysis from this type of work and everything is appropriately vague. This is not very serious however since I doubt any of this macro-economic work has much impact apart from the guess as to the GDP growth rate. This should be recognized for what it is - a guess. This is the best that can be done.

The so-called "planning" approach followed here is a reputable method although it has little proven ability to provide usable guidance to planners. None of this analysis should be taken as indicative of where growth is likely to go.

A more satisfactory approach for the purposes of this survey would have been import demand functions by SITC category. The growth model comes very close to this. However there is no good match between SITC category and type of expenditures. Automobile imports are taken as investment goods in the RTS scheme. The import functions can perfectly well be estimated from GDP and perhaps a price effect. This should do the job just as well as matching to categories of expenditures. Incidentally there is some mixture of current and constant price concepts that I cannot really follow.

Commodity forecasts. The forecasts of import commodities flow are made by using the growth model results and the 1967 distribution of imports from source. This percent distribution is assumed to be constant - a very strong assumption indeed. I doubt that this is a respectable assumption:

- 1) It takes no account of trends in the shares.
- 2) In 1967 SEA trade is heavily influenced by the Vietnamese war and so is hardly typical.

The exports are built up carefully. However the method is almost sure to underestimate manufacturing export growth.

When techniques like this are used they should be tested by applying them to say 1957 data to determine how valid they are for say 1967. I suggest that such a test is a precondition for accepting the approach used.

Book 2: Section on Thailand pages 152-187

1. Detailed comments are made on this chapter. In general it seems acceptable if the suggested corrections are made. Some of these points have been made before and were ignored. There are a large number of recommendations on many issues of economic development. Since there is no support for these obiter dicta it is suggested that they be omitted. It is not the business of the RTS to make pronouncements on all sorts of issues.

2. P 152: What is the evidence for the statement that the foreign exchange earned from U.S. military expenditures contributed a great deal to "growth". This is probably wrong. Our simulations of the economy without the U.S. military expenditures show the growth rate dropping $\frac{1}{2}\%$. The point is the balance of payments position would have resulted in a lower level of reserves by 1970, not much less growth.

P 152: Bangkok population: 3 million is better than 3.5. What is the source of 3.5?

P 153: Most Chinese are Buddhists also - the first sentence implies otherwise. Soybean production is hardly worth singling out.

P 154: Agricultural growth: 1966 is a very good year; 1967 a bad year. Also it is more the shortage of labour than anything else that slows down agriculture. Finally the bad rice prices start in 1970. In the late 1960s (67-68) the Thai Government is holding back exports.

Reasons reserves fall: Exports did well in 1969 over 1968; U.S. military expenditures fell a little. Merchandise exports were virtually stagnant from 1966-1970. The economy kept growing; eventually imports became simply too large.

In 1970 the decline in reserves was \$128 million not \$79 million. The import level is a predicament all right. However, the current account balance is a much more meaningful concept than the balance of trade.

The logic of the statements on the economy in 1970 is unclear.

- 1) Total exports did not grow in 1970. Imports grew rapidly in the 1st half; there were strong expectational effects.
- 2) The level of demand by the private sector was falling off. The 1970 tax increases signalled the end of Government tolerance of the situation. The actual economic phenomena is however export stagnation coupled with a cut back from very rapid growth of investment in the past. The

drop in the growth rate was not so much a failure of production as it was a failure of demand to hold up and an increasingly cautious private sector.

P 155: The structure of the economy. This discussion should note that everything is in market prices. The tax system distorts these comparisons. The only acceptable way to put this is in factor cost.

The regional data presented are now out of date and completely revised series are available.

Rice production. The expansion of the world rice market is a tricky one. NEDB believes that there is no shortage of rice; on the contrary there will be a tendency to overproduce in the next few years.

P 159: Expert opinion is that Thailand is potentially one of the richest country in the world for minerals.

Tin accounts for 50% in mining but most of the rest is quarrying for domestic construction. If only export type minerals are used tin is much more important.

Iron ore production has almost stopped. Exports are running 30-40,000 mt/annum not 500,000 mt.

Manufacturing is not growing so fast if examined at factor cost. In fact it has grown just about as fast as GDP.

P 161: The share of construction in the Central Plains quoted here is based on data which does not include the military construction. That is why these numbers look silly. It is suggested that all regional comparisons be based on the new regional data. The NE construction phase was 20%.

Value added in construction never declined through 1969. The drop in construction is a 1970/1971 phenomena not a 1968-1970 one.

P 164. B/P Capital inflow is mostly supplier credits. In 1970 direct investment (net) fell to 881 million baht.

P 165-166: There is some transshipment from Singapore. Certainly a lot of rubber may go to Singapore.

P 167: Table I.73 Netherlands imported 6,500 mt of tin in 1969.

The final Third Plan targets

Real GDP (1962 prices)	7.0%
Current prices GDP	7.5%
Private investment	7.3%
Government revenue	8%

Government consumption (current prices)	6.1%
Government investment (current prices)	8.5%
Merchandise exports (current prices)	7.9%
Service exports services (current prices)	-1.0%
Merchandise imports (current prices)	2.3%
Service imports (current prices)	5.2%

P 168: NEDB thought the targets quoted in RTS on page 167 as overly pessimistic. The first set of figures represent the base forecast of what would be achieved with no policy measures. The planned package of policy measures will shift the growth path of the economy to that described above. The government expects to use about \$300 million of the reserves to maintain the expansion of the economy. The trade gap will in fact improve slightly:

	<u>1971</u>	<u>1976</u>
Exports	16.1	22.5
Imports	26.4	30.3
B/T	-10.3	-7.8

P 168:

Will not be much rice double cropping. What is the source of that statement. Table E 74 we believe is quite wrong. One check is to look at 1970 actuals.

	<u>RTS</u>	<u>Actual</u>
Rice	1200	1050
Maize	1500	1450
Cassava	900	1163
Sugar	32	51
Tobacco	10	11

Rice: The 1,500 in 1975 is acceptable.

Maize: Third Plan targets 3,000 exports. 1972 should be above 2,000 and the target looks reasonable.

Cassava: This looks a bit low in 1975.

Tobacco: This is a mixture of types of tobacco that makes it very difficult to understand. It is hoped that RTS is right and that imports will decline. It is believed exports will be substantially higher.

P 170: The first paragraph is a reasonable conclusion.

The paragraph on yield increases is facile. The issues are enormously complex and statements such as this do little to enlighten anyone.

What is the evidence for greater credit availability accelerating growth in agriculture? This is a completely unsubstantiated statement.

P 171: Evidence for overfishing of Gulf of Siam.

The same argument was used at the beginning of the second plan and was completely wrong.

Incidentally, the best estimates of population growth in the Third Plan is 2.8% not 3.3%.

Evidence for declining commercial timber cut? Why are unsupported statements such as this made. The growth of forestry output through 1969 shows a steadily rising output of teak. The last paragraph in fishing and forestry is a policy recommendation made through an ADB supported publication without one piece of evidence or support and on a subject having nothing to do with regional transportation.

Mineral production may, as is correctly pointed out, be retarded by transportation. More might be made of this point.

Manufacturing (P 172) This growth rate of 11% is absurdly high. The results of NEDB's 22 sector forecast in manufacturing was 8%/year.

Expanding textiles through exporting does not look right now like a good idea. If obiter dicta are to be made, the best prospects are light engineering industries.

Regrettably at the moment the cotton industry is dependent upon imported fiber.

Duty free raw materials for exports: A very involved issue and in principle something the Thai Government has.

P 173: What is the evidence that concentration around Bangkok will "add to present problems".

P 174: The paragraph on tariffs and exports shows no knowledge of the Thai situation; it could well be omitted. It would take far too long to write down the complex real situation.

Import substitution probably hurts the B/P in periods up to 7-8 years. Once again the arguments are involved and a policy recommendation is made without any basis except a numerical exercise.

The last point - "unique opportunity" is excellent and deserves stress.

P 177: What has the RTS got to do with population policy. Thai population growth is slowing down not speeding up. Where is the evidence for the first paragraph on page 177.

The regional disparity issue is much more complex:

- 1) The data used by RTS is out of date.
- 2) The price structure is different among regions.
- 3) Rural families can have just as high welfare at lower measured income than town people. Much of the income disparity is a result of the urban/rural mix. The numbers given are production not income.

Macroeconomic forecasts

First the 1970 price concept is a hard one to use and comparisons are difficult. We offer our current price forecasts as the best immediate comparison.

	<u>Third Plan</u>		<u>RTS</u>	
	<u>1970</u>	<u>1976</u>	<u>1970</u>	<u>1975</u>
GDP	134.1	203.9	139.8	187
Consumption	110.8	165.1	111.8	149.6
Investment	30.5	46	34.2	44.1
Imports	29.3	34.0	28.9	37.7
Exports	22.2	28.7	22.6	30.96

A few comments: The GDP growth rates are quite far apart because the largest for the Third Plan is quite ambitious.

We believe the NEDB export forecasts are optimistic and so feel the RTS export level is just out of the question. The import demand in the Third Plan is calculated from a quite complex model which incorporates various policy measures. The base line 1975 import forecast is 35.67 billion baht. The difference reflects import substitution, tax changes, etc. This implicitly assumes the price elasticity of imports is unity. We believe this is too low and that the elasticity is more like 1.2. Hence the revaluations will substantially change the situation.

The NEDB perspective forecasts, which are based on a two sector model - for agriculture and non-agriculture - and treat the population - labour force mix explicitly give growth rates of the range 6-7% between 1970 and 2000. So we agree that the long run level is reasonable. Forecasting exports and imports for 20 years seems like a big guessing game.

The marginal capital output ratios and this whole approach are virtually impossible to treat. All this adjustment is doing is reducing the high growth rate expected from the model using a historical output ratio to a reasonable rate that the analyst "likes". Why he "likes" it is not economics but psychology.

P 181: Service imports include substantial offsets of foreign grants. They are thus not completely demand based. Furthermore the factors in service imports are complicated and there is no simply way to explain them.

The "adjustment" of the import propensities is curious procedure. Why make these assumptions instead of different ones. It is hard to understand what it means to assume everything. It is impossible to comment on such an arbitrary procedure. It is much more satisfactory to estimate the parameters. Our work indicates that the import equations are extremely good statistically and track the actual performance of the economy. Why should one just change an estimated parameter which purports to reflect the structure of the economy.

P 182: Everyone makes their own guess on U.S. military expenditures. We think the RTS is assuming an enormous U.S. military presence.

We are of course in agreement with the strategy of export promotion.

P 183: It is tricky to say "too rapidly". This really means the economy should have grown more slowly or that there should have been a faster increase of domestic prices. Which does the RTS mean? There certainly is a "structural imbalance" but it is not so easy to wish it away.

How does the analysis tell us that dependence on indirect taxes should be reduced? There is not a word about taxes, government revenue, government expenditures in the model. This is more manipulation of parameters to achieve vaguely stated goals that sound nice.

P 183: Rely heavily on foreign capital? Why does the RTS make this assumption? Many people are saying the dependence is too great. This is ultimately an issue of debt service capacity. Nowhere does the RTS examine this issue (nor should they so waste their time) and consequently there is no support for such an assumption.

Where does Table I-80 come from?

Altogether this analysis has not been too useful for transportation issues.

P 186: Unclear if the first paragraph is true. Both that waterways and RR are cheaper and that they impose less burden on the B/P.

The endorsement of the idea that traffic is misallocated is nice. It is unclear whether RTS is saying that they accept the Wilbur Smith conclusions on the basis of the report or whether they have independent evidence.

Conclusion: It seems to this reviewer that the critical issues of transportation are the demands placed on facilities. The way to get at this is just postulate a growth rate for the economy and then try to understand what this does for the traffic demand. It is doubtful that all this parameter adjustment helps much.

This section is replete with policy recommendations for which no justification is presented. This is inappropriate.

COUNTRY COMMENTS
ON
RTS
REPUBLIC OF VIETNAM

In the report of the RTS, we were surprised to see that Vietnam was excluded from many projections and recommendations stated in the study.

We would like to recall the promise given to us during the meeting of the Coordcom in Indonesia stating to give due consideration to the projects submitted by Vietnam.

We propose that the Committee and ADB should pay more attention when it wants to send its technicians to Vietnam and to inform us in advance of the purpose of the trip and the duration of the stay so that in the future we can meet the requirements and discuss with them or send them to contact the right man to collect the correct data.

We agree with the comments of the other delegates on the generalities of the study. Following are some of the detailed comments of our delegation on the Draft Report:

The bottlenecks on trans-border links are well analyzed (pp. V7-V8). But here, I am afraid that the experts, too pre-occupied with present war conditions, fail to see potentialities of regional cooperation particularly among riparian nations of the Mekong River. The development of border areas, the taming of the Mekong as a source of energy as well as a possibility for water control, the creation of a transport network which may follow from these developments - these are perhaps alternatives which are by far more attractive than the static and destructive conditions mentioned in the report, and which are no doubt realistic and feasible, with a time horizon of twenty years.

I then urge the SEARTS experts to establish a closer contact with the Mekong Committee, to look at the Mekong region as an entity, and to analyze the problem of transport from this perspective.

Land Transport - Highway and Bridges

Attempts to schedule RTS' recommended transport infrastructure sometimes appear to be arbitrary even with no reason put forward to justify recommended schedule for Vietnam. The My Thuan bridge, project for instance is suggested by the experts to be implemented only in the 1980's; while in fact we have already started the construction of the access road of this bridge. We would like to emphasize that the International Mekong Committee, during its last September Meeting in Saigon, has fully recognized the urgent need of starting the construction of this bridge, and in our (1971-1975) plan My Thuan bridge has been given highest priority.

Port of Cam Ranh

We noted with regret that the RTS draft has not yet given adequate consideration to the Port of Cam Ranh, perhaps because the experts may have not yet seen the site of the Cam Ranh Bay.

It may be granted that insurgency problems in Vietnam are not yet over; it is however difficult to understand why, written with a perspective of ten or even twenty years, the RTS draft report neglects to analyze the potentialities of a natural harbor which, located at the very front gate of South East Asia, is endowed with the finest and most favourable natural conditions, as well as with recent heavy investments. It is then urged that the RTS report should add a section related to the Port of Cam Ranh.

The Vietnamese Government may be faced with two alternatives. Firstly, Cam Ranh Bay may be temporarily reserved for military purpose and thus would not have any economic significance. In such case, at least the opportunity cost of such decision should be fully understood. Secondly, the Vietnamese Government may also decide to turn Cam Ranh into one of the most important seaport not only for Vietnam, but also for the whole Region of South East Asia. The RTS experts are then invited to carefully analyze such alternative and quantify the net benefits which may be derived from the improvement of the Cam Ranh Bay not only the point of view of Vietnam, but for the Region as well.

Port of Saigon:

As for the Saigon Port, the RTS draft report has condemned it to become merely a feeder port for Singapore and Hongkong. We hope that this judgement is not a definite one, and that despite some natural limitations which could be easily corrected, the Saigon Port will remain one of the major ports of the Region. Anyway, if it has eventually to play the role of a feeder port, we prefer that it will do it for the Port of Cam Ranh.

That is why we wish that the site of the Cam Ranh Bay be given proper consideration as a future container port for the Region. We are convinced that it fully deserves this very important role.

Port of Danang and Route 9 (Savannakhet) Link-Up:

We regret that the draft report has overlooked the future of the Danang Port, while the draft mentioned that the Route 9 project is not feasible until the Port of Danang is developed. We would like to receive some clearer explanation about that apparent contradiction.

PART FOUR

DOCUMENTS FOR MEETING

IS-16M-1

Tenth Meeting of the Co-ordinating Committee
of Southeast Asian Senior Officials on
Transport and Communications

26 - 29 October, 1971

Asian Development Bank,
Manila, Philippines.

Agenda

Tuesday, 26 October, 1971.

- | | |
|---------------|---|
| 09.30 - 10.00 | Arrival of Delegates and Observers. |
| 10.00 - 12.30 | 1. Procedural Arrangements |
| | a) Election of Chairman and Vice-Chairman |
| | b) Adoption of Provisional Agenda and Business Arrangements |
| | 2. Review and Comment on Draft Report on the Southeast Asian Regional Transport Survey. |
| 12.30 - 14.30 | L U N C H |
| 14.30 - 17.00 | 2. Review and Comment on Draft Report on the Southeast Asian Regional Transport Survey (Continuation) |

Wednesday, 27 October, 1971

- | | |
|---------------|--|
| 09.30 - 12.30 | 2. Review and Comment on Draft Report on the Southeast Asian Regional Transport Survey (Continuation) |
| 12.30 - 14.30 | L U N C H |
| 15.00 - 17.00 | 3. Leaders of Delegations meet Vice-President of Asian Development Bank for exchange of views on the Regional Transport Survey |

Thursday, 28 October, 1971

09.30 - 12.30

4. Future of Co-ordcom in Relation to Follow-up Actions for Report of RTS
5. Consideration of Proposed 1972 Budget of Secretariat
6. Consideration of Proposal to Hold Meeting of Southeast Asian Transport and Communication Ministers in May/June 1972
7. Other Matters

12.30 - 14.30

L U N C H

14.30 - 17.00 4, 5, 6, 7 (Continuation)

Friday, 29 October, 1971

10.30 - 12.30

8. Confirmation of Record of Meeting
9. Date and Venue of Next Meeting.

Interim Secretariat,
Coordcom,
Kuala Lumpur.

22 October, 1971.

IS-10M-2

Tenth Meeting of the Co-ordinating Committee
of Southeast Asian Senior Officials on
Transport and Communications

26 - 29 October, 1971

Asia Development Bank,
Manila, Philippines.

NOTES ON AGENDA

The 10th Meeting of the Co-ordinating Committee of Southeast Asian Senior Officials on Transport and Communications (for short, Coordcom) will be held in the Executive Tower Main Room of the Savoy Philippines Hotel, Roxas Boulevard, Manila. The facilities for the Meeting have been provided by the Asian Development Bank.

As notified in cables to member Governments of Coordcom and Observer Governments and International Organisations, the primary purpose of the Meeting is to review and comment on the draft report of the Southeast Asian Regional Transport Survey.

As agreed between the management of the ADB and the Secretary of the Interim Secretariat, the Meeting will dispense with an "Opening Ceremony" and get down immediately to business.

The Secretary will call the Meeting to order at 10.00 a.m.

Item I - Procedural Arrangements

(a) The Chairman and the Vice-Chairman of the 10th Meeting will be elected by Members of Coordcom. They will be advised by the Secretary in the proceedings of the Meeting.

(b) The Provisional Agenda of the 10th Meeting is circulated as Document IS-10M-1. The following business arrangements are suggested:-

(i) Times of Meeting

Please note times on Provisional Agenda. Should the business of the Meeting be completed earlier than scheduled, Members may wish to terminate the Meeting earlier.

(ii) Language

English will be the Working Language of the Meeting.

(iii) Sessions

All Sessions of this Meeting of Coordcom will be closed to the Press and Public.

(iv) Report of Meeting

The Interim Secretariat will prepare a draft report of the 10th Meeting for approval of Members at the close of the Meeting.

(v) Press Release

It is suggested that a press release be issued on the Meeting at the close.

Item 2. Review and Comment on Draft Report of the Southeast Asian Regional Transport Survey

The Secretariat has been informed that copies of the draft report of the Southeast Asian Regional Transport Survey were air-freighted to Participating Governments in the Survey as well as Donor Governments and International Organisations by the Asian Development Bank in early September. The Secretariat understands that Participating Governments are now ready to review the draft report and

to give their comments on it. The Asian Development Bank and the consultants will appreciate the views and comments of Delegates and Observers.

Coordcom may note that the Steering Committee of the Regional Transport Survey met on 11-16 October, 1971 in Manila to review and comment on the draft report. A copy of the report of that particular meeting is circulated as Document IS-10M-3 for reference of Coordcom.

Mr. K.L. Luthra of the Asian Development Bank and Dr. W. Owen, Chairman of the Steering Committee; visited and held discussions with officials of some Participating Governments during the past week.

Delegates and Observers may wish to review and comment on the draft report as it involves their particular individual countries/governments and as it involves two or more countries/governments or the region as a whole.

For reference of the Coordcom document IS-10M-4 reproduces Chapter VIII of Book One - Part I-A Transport Program for the Region.

Item 3. Meeting with Vice-President of the Asian Development Bank

The Vice-President of the Asian Development Bank has expressed a desire to meet with Leaders of Member Governmental Delegations for exchange of views on the draft report of the Regional Transport Survey.

The Meeting will be held in the Asian Development Bank's Office in Makati. Bank cars will take Leaders of Delegations to the Meeting.

[The Vice-President of the Asian Development Bank has also extended an invitation to all participants at the 10th Meeting of Coordcom to a cocktail party at 6.30 p.m. on the same day.]

Item 4. Future of Coordcom in Relation to Follow-up Actions on Report of RTS

The Interim Secretariat has prepared a paper (See Document IS-10M-5) for reference in the consideration of this Item. The paper invites Coordcom to give advance consideration of its own future in relation to follow-up actions on recommendations contained in the draft report. The purpose of this Item on the Agenda is not to obtain any final decision but to alert Member Governments of Coordcom to think seriously in the next two to six months about the future of this organisation and about what to do with the recommendations of the RTS.

Item 5. Proposed 1972 Budget of the Interim Secretariat

The Interim Secretariat has prepared the proposed 1972 budget of the Interim Secretariat (See Document IS-10M-6) for advance consideration of the Coordcom.

Coordcom may note that this Item on the Agenda is related to Item 4 and is also related to Item 6. As a matter of fact, if Coordcom is to continue beyond the end of this year, advance consideration must be given to providing the funds to maintain the present Interim Secretariat or a strengthened Secretariat, with functions as outlined in Document IS-10M-5.

Item 6. Proposal to Hold Meeting of Southeast Asian
Transport and Communication Ministers in May/
June 1972

The Interim Secretariat suggests that preliminary consideration may be given now to hold a Meeting of Southeast Asian Transport and Communication Ministers in view of the following:-

(i) the Meeting of Officials which started this regional effort was held in September, 1967;

(ii) Coordcom has been meeting for business for ten times over four years;

(iii) Feasibility studies on a number of projects have been implemented; and

(iv) the Southeast Asian Regional Transport Survey is now completed;

(v) decisions on the future of Coordcom and follow-up actions on the RTS need to be taken soon.

In view of the above, the Secretary of the Interim Secretariat, during a visit to Washington in August this year, noted a suggestion by the U.S. Secretary of Transportation that a future Meeting of Coordcom could be held in Washington to coincide with the U.S. Government-sponsored International Transportation Exhibition in Dallas International Airport in May/June 1972. The Secretary of the Interim Secretariat has written to the U.S. Secretary of Transportation thanking him for the suggestion. He has also invited the manager of the Exhibition to brief the Coordcom.

A copy of the letter written by the Secretary to the U.S. Secretary of Transportation is circulated for information of the Coordcom.

Item 7. Other Matters

Should there be any other matters which Members of Coordcom wish to discuss at this Meeting, please notify the Secretary of the Interim Secretariat as soon as possible.

Item 8. Confirmation of Record of Meeting

The Secretary will prepare a record of the Meeting for approval of Members of Coordcom.

Item 9. Date and Venue of Next Meeting

The Secretariat suggest that if there is to be a Ministerial Meeting in May/June, 1972, there should be a Meeting of Coordcom preceding, and in preparation for, that Meeting.

Interim Secretariat,
Coordcom,
Kuala Lumpur.
22 October, 1971.

IS-10M-3

Tenth Meeting of the Co-ordinating Committee
of Southeast Asian Senior Officials on
Transport and Communications

26 - 29 October, 1971

Asian Development Bank
Manila, Philippines

FINAL REPORT OF THE STEERING COMMITTEE OF
THE REGIONAL TRANSPORT SURVEY

... The attached final report of the Steering
Committee of the Regional Transport Survey is reproduced
for reference of the Coordcom.

Interim Secretariat,
Coordcom,
Kuala Lumpur.

22 October, 1971.

ASIAN DEVELOPMENT BANK
Projects Department

Pro/TCT: 435
16 October 1971

CONFIDENTIAL

To : The President

From : The Steering Committee of the Regional
Transport Survey

Subject : Report of the Steering Committee on
Regional Transport Survey

The Steering Committee during its meeting on October 11-16, 1971, has reviewed the Draft Final Report presented by the Consultants in the light of the RTS terms of reference. The Committee expresses its satisfaction with the way in which the Consultants have carried out their difficult and complex assignment. The Survey and Report constitute a valuable contribution to the understanding and knowledge of the transport problems of countries of the Region and its findings and recommendations deserve serious attention. The Steering Committee believes, however, that there are some inadequacies that could be remedied by the Consultants before the Report is presented in final form.

The Report presents a comprehensive assessment of the existing transportation facilities in the Region, and an analysis of their present capacity and present deficiencies. It also indicates measures by which capacity can be enlarged or costs reduced by operational and physical improvements. The Report also projects on the basis of a systematic analysis the growth of transport demand likely to accompany the prospective growth of the economies of the Region. It identifies the most critical transport bottlenecks which will emerge and the outstanding opportunities and necessities for providing essential transport services and for taking actions in transport to realize the development opportunities in the Region.

The projection of future transport requirements is based on an examination in greater depth than is usual in transport studies of the growth potentials of individual economic sectors. The Committee believes that these growth prospects and their implications for transport in the next 10 or 20 years have been reasonably projected. The Committee also believes that the methodology developed and employed and especially the growth and trade flow models will have continuing utility in the future.

The Report presents proposals for the next 20 years which derive in a logical way from the findings of the study with respect to the existing and prospective relations between production, trade and transport facilities in the Region. These for the most part focus on the actions essential to movement of goods and persons between the Region and the rest of the world and between major sub-areas of the Region. It deals less completely and somewhat fragmentarily with other transport improvements which are and will be required. This was due to the regional rather than national or local focus of the study.

The Report is strongest in its analysis and recommendations with respect to transport policies, transport institutions and physical transport facilities which are either common to all of the countries of the Region or which involve the necessity or the opportunity for joint action by the countries of the Region.

The Report clearly indicates that there are opportunities for joint action by the countries of the Region which would in some cases avoid waste, in other cases would solve problems more efficiently and at lower cost than otherwise, and still in other cases would produce benefits unobtainable by individual country action.

Shortcomings to be Remedied

A defect of the Report is that it does not present a clearly delineated program for action over the next 5 to 10 years. The Committee believes that the follow-up that is now necessary would be facilitated by a clear exposition of this near-term program in physical and financial terms, both for transport infrastructure and equipment, public and private. It should be possible to do this on the basis of the material contained in the Report.

The Committee believes that the Consultants are in error in concluding that the resources required for the necessary transport investments are likely to be readily available from the combination of domestic savings and capital inflow from abroad. In the 1970's, according to the Consultants' estimate, the combined GDP of the countries of the region will be approximately \$400 billion. Subject to further analysis, the investments in transport recommended by the Consultants are some \$4.4 billion for this period. To this should be added probably half the estimated 20-year needs for rural feeder road, or \$1.75 billion. A substantial sum will also be required for urban transport facilities. In addition, if half the estimated outlays on trucks and buses are made in the decade of the seventies, some \$15 billion will be required. There will clearly need to be substantial investment in aircraft and ships, not estimated in the Report.

If all these projects were to be undertaken by the RTS countries, the total transport investment requirements in the 1970's for public infrastructure and vehicles would be of the order of \$25 billion (excluding private cars, most of which are treated as consumption expenditures in national accounting). This sum must be obtained from the total of international savings plus foreign capital inflows.

If it is assumed that domestic savings will average 15% of Gross Domestic Product, the total domestic savings will be equivalent to some \$60 billion. Over the decade the total foreign resource flows from the developed to the whole of the developing world may be in the order of \$120 billion, and of this amount it is reasonable to assume that the RTS countries might receive a share of some \$20 billion. This added to domestic savings, gives a total of about \$80 billion for investment for all purposes in all sectors. It seems imprudent to assume that one-third of this can be allocated for investment in transportation. The magnitude of transport needs compared to foreseeable resources stresses the importance of careful project selection.

New Parameters of the Transport Problem

In its surveys of agriculture, forestry, minerals and fisheries, the Survey has indicated where dynamic and growing markets in the developed countries can be expected in the next twenty years. These far-reaching recommendations should be studied carefully by the ministries of RTS governments and not simply by their ministries concerned with transport. In addition, it should not be assumed that the necessary measures for developing production in these economic sectors can be easily accomplished, or that long term and stable markets can be secured easily at fair and equitable prices. There will be competition from other supplying countries, including those from other continents, and great importance needs to be attached to the necessary policy measures without which export targets cannot be reached.

The Committee recognizes that the many institutional and policy changes recommended in the Survey have less appeal than the more dramatic recommendations that involve large physical works and financial investments. Yet the gains in efficiency and the savings of capital and other resources that can be achieved in the Region through better use of the existing transport system are significant. The economic rewards of exploiting these alternatives to additional investment suggest an area-wide effort on a regional basis or, when necessary, on a bilateral or multilateral basis to put into effect the organizational and policy aspects of the Survey's recommendations.

The estimate that \$91 billion may be spent for the purchase of motor vehicles over the next twenty years introduces a critical problem that commands priority consideration. The RTS countries share the common need to analyze the economic and social costs, advantages and disadvantages of the private automobile, and to assess its effects on the cities that already suffer heavily from congestion and inadequate public transport. It will be necessary for the countries of the Region to decide what measures to take to maximise the benefits of the motor vehicle yet avoid the undesirable burdens it creates for an urbanizing society.

Implementing the Program

The procedures developed on this Survey are complex, and extensive study will be required for their application. The Consultants have demonstrated the application of methodology on the pre-feasibility stage of planning and this should be followed by a continuing program.

The Report is unavoidably a very lengthy one and it will be necessary for the countries of the region to study it in depth. This study would be greatly assisted by discussion between the countries and the Asian Development Bank.

The Report supports the value of a regional transport outlook and if this is to become a practical reality, institutional machinery is required for further action. The Consultants have recommended that the COORDCOM be continued with an extended mandate. The need for an inter-governmental body on which the RTS member governments could be represented to take the follow-up action on the RTS Survey is evident and cannot be contested. Without such an inter-governmental machinery there would be a vacuum and it would be most regrettable if such a vacuum is permitted to develop. If the COORDCOM is to perform this function, the regional framework it provides with respect to transport should be continued. It will need to be strengthened to provide an effective mechanism for joint action. Included in its activities would be planning, implementation project preparation, information exchange, training, research and formulation of policy proposals.

IS-10M-4

Tenth Meeting of the Co-ordinating Committee
of Southeast Asian Senior Officials on
Transport and Communications

26 - 29 October, 1971

Asian Development Bank,
Manila, Philippines

A TRANSPORT PROGRAMME FOR THE REGION

... The attached is Chapter VIII. of
Book One, Part I of the Draft Report on the Southeast
Asian Regional Transport Survey. It is reproduced
for reference of the Coordcom.

Interim Secretariat,
Coordcom,
Kuala Lumpur.

22 October, 1971.

CHAPTER VIII

A TRANSPORT PROGRAM FOR THE REGION

A. INTRODUCTION

This final chapter brings together in summary form the basis of an action program for developing the region's transport system. Section B lists the transport investment projects which are recommended by the Regional Transport Survey for further attention. Section C lists transport investment projects which have come to the notice of the RTS but as to which it takes no position. Section D lists recommendations made by the RTS for action in the transport and transport related fields not requiring investment. Section E discusses the investment implications of the projects identified in Sections B and C. Section F estimates the resources that are likely to be available for financing the investment program. Finally, Section G proposes a means for managing the program.

Not all the elements for a complete program will be found in this chapter, since the Regional Transport Survey was focused on only a portion of the entire transport system of the region, which is itself only a part of the much larger economic system, all of whose parts must be integrated to provide a balanced and consistent economic development program. It therefore remains for the countries themselves, individually and collectively, to pursue the recommendations summarized here and to integrate them with transport plans in areas not covered by this survey, as well as with plans for other areas important to economic development such as education, health, public utilities and industry.

The following is an overview of the financial implications of transport investment recommended in the Regional Transport Survey.

Investment requirements for the RTS recommendations whose cost could be estimated total \$3.25 billion for the region between 1970 and 1989. Roughly three-fourths of this amount is for projects recommended for the 1970's.

The most recent national development plans and transport surveys identify an additional \$1.37 billion in transport projects

not included in the scope of the RTS. Most of these projects are scheduled for the period 1970-1976.

The \$4.62 billion total capital needs of these two groups of projects arise almost entirely in the public sector.

A large portion of the private sector's transport expenditures will be for motor vehicles. It is estimated that the public and private sectors of the region will spend \$ 91 billion in the purchase of cars, buses and trucks in the period from 1970-1989, most of it in the private sector. This figure includes taxes and duties but does not include the cost of replacement parts and fuel, which would be quite substantial. The magnitude of motor vehicle purchases suggests that this subject deserves close attention in the formulation of transport and industries development policy.

A review of budgeted transport development expenditure in the public sector indicates that the region will allocate \$4.4 billion to transport development in the 1970's. It is also estimated that the region (exclusive of Laos and the Republic of Vietnam) will invest \$10.1 billion in this area in the 1980's.

In addition to these ^{projected} ~~current~~ transport expenditures, the requests for foreign loans for transport investment are estimated at \$4.6 billion for the 1970's and \$5.4 billion for the 1980's. At the same time, foreign financial aid likely to be available for transport investment in the region is estimated at \$6.2 billion during the 1970's and \$9.9 billion during the 1980's. This appears to be adequate to meet projected foreign loan requests.

Therefore, domestic and foreign funding of public transport investment in the region is projected to total \$9 billion in the 1970's and \$15.5 billion (excluding Laos and the Republic of Vietnam) in the 1980's. This appears to be adequate to finance the projects identified as needed between 1970 and 1990 as well as many other transport projects not reviewed in this survey.

B. RTS INVESTMENT RECOMMENDATIONS: A SUMMARY

In the course of the Regional Transport Survey literally hundreds of projects related directly or indirectly to transportation were reviewed by the RTS team. While the actual number of project recommendations and the magnitude of resources they require are difficult to assess for reasons ^{which} will be discussed below, the lists which summarize the RTS recommendations (Tables VIII, 2 and 3) include 118 transport infrastructure investment projects, ten transport institution investment projects, and 15 transport vehicle investment projects. The best estimate that can be made at this time of the investment required for these projects (although investment needs for a substantial number of projects were not estimated because of the need for further study) is around \$3.25 billion. Seventy-five percent of this amount is for projects recommended for the decade of the 1970's.

The program measured in these terms is far from a complete picture. To begin with, as has already been pointed out, many projects relating strictly to domestic transport needs, which were therefore outside the scope of the survey, have not been included in these lists. Section C of this chapter, however, includes estimates of the magnitude of proposed or planned investment in such projects. Second, almost without exception, all project recommendations will require closer study in order to determine their final feasibility, consistency with national policies, and investment requirements. As already noted, not even investment estimates are available at this time for many project recommendations. Third, it must be expected that the transport requirements of the region will change and that many of these changes cannot now be anticipated. Finally, the transport program, as defined only by investment projects, is incomplete; the projects must be accompanied by effective policies and administration in order to form a well-rounded and successful program, and they must take place within the context of sustained economic development. The Regional Transport

¹ Appendix M in Book Three describes the Resource Allocation and Investment Planning (RAIP) model which was used for scheduling the projects, subject to various criteria. Values for the parameters used in this model are necessarily speculative, and it remains for the countries themselves to use the model in order to determine an optimal investment schedule.

Survey has therefore identified areas of particular importance in transport development outside the investment project field and recommended transport-related policies, guidelines, management and economic development. These recommendations are summarized in Section D of this chapter.

In addition to their incompleteness as a total transport program, RTS-recommended projects should be studied with a number of other precautions in mind. The purpose of stating these precautions is to stress the need for more careful study of a number of recommended projects and for careful surveillance of changing conditions which could influence the impact of all of them.

the basis .

First, because/for identification varies among the projects, the information available on them, the type of analyses made and consequently the recommendations vary widely. The main sources for project identification are the link-loading analysis, the sector studies, firsthand observation of operations, national plans, and other surveys . In the more difficult cases, the best that can be said is that a problem or opportunity appears to exist, but requires much more detailed study than was possible in this survey before a specific proposal for action can be recommended. In other cases, projects identified can be described in enough detail for rough benefit-cost ratios to be computed and specific recommendations made based on preliminary analyses. Still other projects on the list are mere endorsements based on reviews of projects that had already been carefully studied before being identified in this survey and are a part of current national programs. Thus the phrase "project recommendation" as used here refers to a wide range of findings, including the need for studies to gather preliminary detail, the need for feasibility studies, and endorsements for planned studies.

Second, each of the project recommendations made in the survey is based on assumptions and projections of conditions which could change and thus partially or wholly invalidate the recommendations. For example, each of the

project reviews in the survey, either by formal analysis or informal appraisal, was based on a consideration of national and regional objectives insofar as they could be identified through national plans or other sources. Thus if national priorities change, or if they were misinterpreted in the analysis, the relative values of the projects could change. Some of the factors subject to change which could lead to reordering of national priorities and thus influence the recommendations include:

- The level of exchange reserves;
- Views on national security;
- Trade agreements;
- Economic structure;
- Unexpected discovery of valuable resources;
- Comparative advantage;
- Recognition of competing national needs, e.g., greater expenditure on health or education;
- Transport policy itself, e.g., a decision to cease subsidizing domestic air transport, a decision to tax highway users more heavily, or decision to nationalize private transport facilities or sell publicly-owned facilities to the private sector.

Another example of changing conditions which could alter the recommendations of this survey would be if the projections in the economic studies proved to be substantially off the mark. Although the analyses used in the RTS are not highly sensitive to slight changes in forecasts, major changes such as a severe drop in the long-range price of palm oil could have a significant influence on the project recommendations.

Tables VIII-1 to VIII-3 list the transport investment projects recommended for further consideration as a result of the Regional Transport Survey. Again, it must be stressed that in very few cases should actual investments be made without more detailed study. While the items appearing on these lists were identified in the process of evaluating projects in terms of regional significance (as defined earlier in this report), not all in the list fall within this definition. This is particularly true in the case of inland transport projects, where it is often difficult because of inland transport's multi-functional role in the transport network to isolate "regional" projects.

It should also be mentioned that in developing investment programs for vehicles employed in international trade, certain factors have to be borne in mind.

- The number of vehicles¹ required either is based on specific government policy or is a function of the competitive position of the prospective operator.
- Vehicles in international operations can be employed over many different routes, and the number of vehicles required will differ on different routes.
- Financing for ships and airplanes -- up to 80% of capital costs in the case of the former -- can be obtained from shipyards or factories abroad. The appropriate capital resource utilised is therefore the 20% down payment; the balance is paid from earnings.
- In the lists appearing in Tables VIII-L to VIII-3, a code number is assigned to each project. The following is a key to that code:
 - The first letter refers to the country for which that project has greatest significance. If it is a project that has significance for the region as a whole or is one for which no single country can be specified as the prime beneficiary at this time, the first letter in the code signifies the RTS region. Specifically;

I	=	Indonesia
S	=	Singapore
M	=	Malaysia
T	=	Thailand
V	=	Republic of Vietnam
L	=	Laos
P	=	Philippines
R	=	Region

¹Ships and airplanes, primarily.

The second letter in the code refers to the mode for which the recommendations is made. (In the case of institutional investment no mode is specified.) Specifically;

A = Aviation
P = Ports
R = Railways
H = Highways
W = Inland Waterways
N = Marine navigation aids
S = Shipping
I = Institutions

The next entry in the code is a number which refers to the order in the lists. The projects are numbered sequentially, but the numbering does not indicate any priority ranking.

The final letter in the code refers to the basis of the recommendation. Specifically:

"R" signifies that the project has been identified as a result of formal analysis in the RTS (such as the link loading analysis) but is recommended for closer consideration in the form of benefit-cost analysis or some other evaluation process.¹

"O" (referring to "other") signifies that the project was reviewed and found to be desirable by the RTS team, but (a) is supported by some form of analysis not performed in the RTS, or (b) has not been the subject of any formal analysis.¹

Following the code, a very brief generic description is given to identify the project. Next follows the location of the project within the country. The estimated investment appears next on the lists. It is not broken down into foreign exchange and local currency components in these summary tables; nor is the source or schedule of financing given. Thus the period, which follows next in the list, refers to construction or purchase and not the the financing schedule. The final column in the tables gives the reference to the section in the body of the survey (Beck Two or Three) where

¹In some cases closer consideration has already been given and the projects have been financed or are in the process of becoming financed. Where we know of this, it is noted.

¹In the case of some projects, more precise schedules for implementing the recommendations are given in the chapter dealing with that mode.

greater detail regarding the project can be found. If the first symbol in this reference is a Roman numeral, it refers to the chapter in Book Two, if a letter, it refers to an appendix in Book Three.

Notes (a) through (w) to Tables VIII-1, -2 - 3 appear at the end of Table VIII-3.

TABLE VIII-1

RTS RECOMMENDED TRANSPORT INFRASTRUCTURE

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
IA-1(R)	Expand intercontinental airport facilities	Djakarta	21.7	1971-75	V G 2
IA-2(R)	Expand intercontinental airport facilities	Djakarta	12.0	1980-90	V G 2
TA-3(R)	Expand intercontinental airport facilities	Bangkok	20.2	1971-75	V G 5
TA-4(R)	Build additional runway and taxiway	Bangkok	7.6	1975-80	V G 5
PA-5(R)	Expand intercontinental airport facilities	Manila	13.3	1971-73	V G 7
SA-6(R)	Expand intercontinental airport facilities	Singapore	35.0	1971-75	V G 3
MA-7(R)	Expand intercontinental airport terminal facilities	Kuala Lumpur	1.8	1971-72	V G 4
MA-8(R)	Modify intercontinental airport taxiway	Kuala Lumpur	0.5	1975-80	V G 4
VA-9(R)	Expand intercontinental airport facilities	Saigon	1.7	1971-72	V G 6
VA-10(R)	Expand intercontinental airport facilities	Singapore	6.5	1976-80	V G 6
LA-11(R)	Expand regional airport facilities	Bali	3.0	1971-80	V H 2
MA-12(R)	Expand regional airport facilities	Penang	5.0	1971-80	V H 3
MA-13(R)	Expand regional airport facilities	Kota Kinabalu	5.0	1971-80	V H 3
LA-14(R)	Expand regional airport facilities	Vientiane	0.8	1971-80	V H 5
PA-15(R)	Expand Mactan airport facilities	Cebu	2.0	1971-80	V H 7
LA-16(R)	Improve domestic airport and facilities	Indonesia	40.0	1971-80	V H 2
MA-17(R)	Improve domestic airports and facilities	Malaysia	20.0	1971-80	V H 3
TA-18(R)	Improve domestic airports and facilities	Thailand	25.0	1971-80	V H 4

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
LA-19(R)	Improve domestic airports and facilities	Laos	4.0	1971-80	V H 5
VA-20(R)	Improve domestic airports and facilities	Vietnam	15.0	1971-80	V H 6
PA-21(R)	Improve domestic airports and facilities	Philippines	65.0	1971-80	V H 7
IA-22(R)	Improve the air navigation aid and aeronautical communications systems	Indonesia	6.1	1971-80	V I 2(b)
SA-23(R)	Improve the air navigation aid and aeronautical communications systems	Singapore	(a)	1971-80	V I 2(c)
MA-24(R)	Improve the air navigation aid and aeronautical communications systems	Malaysia	8.1	1971-80	V I 2(d)
TA-25(R)	Improve the air navigation aid and aeronautical communications systems	Thailand	1.6	1971-75	V I 2(e)
LA-26(R)	Improve the air navigation aid and aeronautical communications systems	Laos	0.4	1971-80	V I 2(f)
VA-27(R)	Improve the air navigation aid and aeronautical communications systems	Vietnam	0.3	1971-75	V I 2(g)
IA-28(R)	Improve the aviation search and rescue capabilities	Indonesia	0.1	1971-80	V I 2(b)
MA-29(R)	Improve the aviation search and rescue capabilities	Malaysia	0.1	1971-75	V I 2(d)
TA-30(R)	Improve the aviation search and rescue capabilities	Bangkok	0.1	1971-73	V I 2(e)
VA-31(R)	Improve the aviation search and rescue capabilities	Vietnam	0.1	1971-75	V I 2(g)

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
SA-32(R)	Improve the aviation search and rescue capabilities	Singapore	0.1	1971-80	V I 2(c)
IP-33(R)	Expand or install facilities to handle conventional and container cargo	Belawan	16.3	1971-80	III D 4
IP-34(R)	Expand or install facilities to handle conventional and container cargo	Tandjung Priok	22.6	1971-80	II D 2
IP-35(R)	Expand or install facilities to handle conventional and container cargo	Surabaya	28.8	1971-80	III D 3
PP-36(R)	Expand or install facilities to handle conventional and container cargo	Manila (Luzon)	24.9 ^(b)	1971-80	III D 17
SP-37(R)	Expand or install facilities to handle conventional and container cargo	Singapore Jurong	22.2	1971-80	III D 6
MP-38(R)	Expand or install facilities to handle conventional and container cargo	Port Swettenham	10.8	1971-80	III D 8
MP-39(R)	Expand or install facilities to handle conventional and container cargo	Sibu	5.1	1971-75	III D 12
MP-40(R)	Expand or install facilities to handle conventional and container cargo	Kuching	5.7	1971-73	III D 11
TP-41(R)	Expand or install facilities to handle conventional and container cargo	Sattahip/Bangkok	48.0	1971-80	III D 14
IP-42(R)	Expand or install facilities to handle dry bulk	Surabaya	(c)	1971-80	III D 3
TP-43(R)	Expand or install facilities to handle dry bulk	Sattahip	(d)	1970-80	III D 14

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
SP-44(R)	Expand or install facilities to handle dry bulk	Jurong	(e)	1971-80	III D 6
VP-45(R)	Expand or install facilities to handle dry bulk	Can Tho	7.4	1972-80	III D 16
MP-46(R)	Expand or install facilities to handle liquid bulk	Port Swettenham	(f)	1971-80	III D 8
MP-47(R)	Expand or install facilities to handle liquid bulk	Kuantan	10.6	1971-80	III D 9
MP-48(R)	Install facilities to handle liquid bulk	Johore Bahru	1.0	1971-80	III D 10
IP-49(R)	Expand or install conventional cargo handling facilities	Bitung	8.6	1971-80	III D 5
PP-50(R)	Expand or install conventional cargo handling facilities	Cebu	2.0	1971-74	III D 18
PP-51(R)	Expand or install conventional cargo handling facilities	Davao	1.5	1980	III D 20
PP-52(R)	Expand or install conventional cargo handling facilities	N. Mindanao	13.0	1971-80	III D 19
PP-53(R)	Consider construction of major container port	N. Mindanao	30.0	1080-88	III D 19
VP-54(R)	Expand or install conventional cargo handling facilities	Saigon	1.5	1971-72	III D 15
MP-55(R)	Expand or install conventional cargo handling facilities	Kota Kinabalu	9.8	1971-80	III D 13
IP-56(R)	Consider international port and a container facility	Kalimantan	(g)		III C 2
MP-57(R)	Construct a container port	Penang	18.0	1983-90	III D 2
IP-58(O)	Upgrade feeder ports, whose principal function is to accept and transship cargo destined to major ports	Indonesia	5.0-7.0	1971-80	III C 2

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
PP-59(O)	Upgrade feeder ports, whose principal function is to accept and transship cargo destined to major ports	Philippines	5.5-7.0	1971-80	III C 7
IH-60(O)	Rehabilitate priority roads	Indonesia	79.1	1971-75	(w)
IH-61(O)	Improve and upgrade highway from Balikpapan to Samarinda (120 km.)	E. Kalimantan	6.6	1971-75	(w)
IH-62(O)	Improve and upgrade highway from Sidjundjung to Lubekinggau (498 km.)	W. Sumatra	55	1971-75	(w)
IH-63	Improve and upgrade highway from Djakarta to Jjiawi (50 km.)	W. Java	28.7	1971-80	(w)
IH-64(O)	Improve and upgrade highway for Surabaya to Malang (90 km.)	E. Java	43.6	1971-80	II E 3
IH-65(O)	Improve and upgrade highway from Telukbetung to Sumur (88 km.)	S. Sumatra	8.5	1971-80	(w)
IH-66(R)	Improve and upgrade highway from Djakarta to Tjirebon (246 km.) ^(h)	W. Java	114.7	1975-80	II D 6
IH-67(O)	Improve and upgrade highway from Tondano to Airmadidi (18 km.)	N. Sulawesi	2.5	1971-80	II E 3
IH-68(O)	Improve and upgrade highway from Kupang to Border (291 km.)	Timor	28.7	1971-80	II E 2
IH-69(R)	Improve and upgrade highway from Semarang to Surabaya (345 km.) ^(h)	E. Java	51.4	1975-80	II D 6
IH-70(O)	Improve and upgrade highway from Kotanobagu to Inandi (46 km.)	N. Sulawesi	2.1	1971-80	(w)
IH-71(R)	Improve and upgrade highways in Southeast Java (415 km.) ^(h)	W. Java	44.4	1975-80	II D 6

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
IH-72(O)	Improve and upgrade highway from Pontianak to Border (175 km.)	W. Kalimantan	23.6	1971-80	II E 2
IH-73(R)	Improve access roads to ports (Tg. Priok, Surabaya, Belawan)	Java N. Sumatra	(g)	1971-80	II E 3
IH-74(O)	Improve access transportation to airport (Djakarta)	Java	(g)	1971-80	II E 3
IH-75(O)	Improve urban transportation system (Djakarta, Surabaya)	Java	(g)	1971-80	II H
VH-76(O)	Improve access roads to port (Saigon)	Vietnam	(g)	1971-80	II E 3
VH-77(R)	Rehabilitate QL-9 Highway from Dong Ha to Lao Bao (83 km.)(i)	Vietnam Laos	8.0	1981-90	II D 6
VH-78(O)	Construct My-Thuan Bridge (2240 km.)	Vietnam	21.3	1981-90	(w)
LH-79(R)	Rehabilitate RIG-9 from Savannakhet to Lao Bao (246 km.)(i)	Laos- Vietnam	24	1981-90	II D 6
LH-80(O)	Improve and upgrade RIG-13 from Vientiane to Savannakhet	Laos	36	1971-80	II D 6
LH-81(O)	Construct Vientiane plain roads (195 km.)	Laos	13.6	1971-80	(w)
SH-82(R)	Construct second causeway	Singapore- W. Malaysia	25.0	1981-90	II D E, H
SH-83(R)	Improve and expand Woodland Road	Singapore	3.7	1971-80	II D E, H
SH-84(O)	Improve urban transportation system	Singapore	(g)	1971-80	II H
SH-85(O)	Improve access transportation system to the airport	Singapore	(g)	1971-80	II E
TH-86(O)	Construct feeder roads (18,000 km.)	Thailand	900.0	1971-90	II G
TH-87(O)	Construct truck terminal	Greater Bangkok	(g)	1971-75	(w)

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
TH-88(O)	Improve urban transportation system	Greater Bangkok	(g)	1971-75	II H
TH-89(R)	Construct second highway from Nakon R. to Nongkhai (360 km.)	N.E. and C. Thailand	30.0	1981-90	II D 6
TH-90(O)	Improve access road to the port of Bangkok	Greater Bangkok	(g)	1971-75	II D, E 3
TH-91(O)	Improve access transportation to the airport of Bangkok	Greater Bangkok	(g)	1971-80	II E 3
TH-92(O)	Improve highway, Sri Racha-Sattahip-Rayong (94 km.)	S.E. Thailand	9.2	1971-75	II E 3
MH-93(R)	Construct Kuantan Segmat highway (177 km.)	Pahang (W. Malaysia)	26.0	1971-80	II D 6
MH-94(O)	Complete East-West Highway from Kota Baru to Butterworth (355 km.)	W. Malaysia	56.0	1971-80	II D 6
MH-95(R)	General improvement of Route 1 (400 km.) (j)	W. Malaysia	22.5	1971-75	II D 6
MH-96(R)	Improve specific sections of Route-1 (250 km.) (j)	W. Malaysia	57.0	1971-75	II D 6
MH-97(R)	Improve Route 2 from Kuala Lumpur to Kerak (j)	W. Malaysia	14.0	1971-75	II D 6
MH-98(O)	Improve West Coast Road (165 km.)	Sabah	4.9	1971-75	II E
MH-99(O)	Improve Ulu Blg. Mukah to Bintulu Road (137 km.)	Sarawak	5.7	1971-75	II E
MH-100(O)	Improve access roads to ports (Kuantan, Johore Bahru, Sibn)	Malaysia	(g)	1971-80	II E
MH-101(O)	Improve urban transportation system (Kuala Lumpur)	W. Malaysia	(g)	1971-80	II H

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
PH-102(R)	Improve access roads to ports (Manila, Batangas ^(k) , Davao Cebu, N. Mindanao)	Philippines	(g)	1971-80	II E 3
PH-103(R)	Construct Sayre Highway from Tinao to Maramag to Kabakan (242 km.)	Mindanao	(g)	1976-80	II E 3
PH-104(O)	Construct truck terminal	Greater Manila	(g)	1971-80	(w)
PH-105(O)	Improve access transportation to airport (Manila)	Greater Manila	(g)	1971-80	II E
PH-106(O)	Improve urban transportation system	Greater Manila	(g)	1971-80	II H
PH-107(R)	Improve highway from Tuguegarao to Cabanatuan (250 km.) ⁽¹⁾	Luzon	16.5	1980-90	E
TR-108(R)	Extend Thai Royal State Railways from Ban Pachi to Khlong Sip Kao (75 km.)	Thailand	8.5 ^(u)	1971-75	H B 5; E 3
TR-109(R)	Extend Thai Royal State Railway from Chachoengsao to the proposed port of Sattahip (161 km.)	South and East of Bangkok	18.0	1971-75	II B 5; E 3
VR-110(O)	Rehabilitate rail system	RVN	15.0-30.0		(w)
IR-111(O)	Rehabilitate PNKA ^(m)	Indonesia	100.0-140.0	1971-75	(w)
IR-112(O)	Rehabilitate West Sumatra Railway ^(t)	Sumatra	8.0	1971-75	II B 5
RN-113(R)	Improve regional navigation aid system	Region	5.0-15.0	1971-76	(w)
PP-114(O)	Eliminate the pile cluster fender system in Philippine ports*	Philippines	(g)	1972-80	(w)
IP-115(O)	Develop a new deep-sea port instead of Djambi and Palembang*	S. Sumatra	7.5	1981-90	(w)

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
MP-116(O)	Install mechanical equipment*	Sibu (Sarawak)	0.1	1972	(w)
MR-142(O)	Improve signalling and telecommunication system*	West Malaysia	7.3	1971-80	(w)
MR-143(O)	Construct new marshalling yard at Kuala Lumpur*	West Malaysia	1.0	1971-80	(w)

*These projects were added to the present list and are out of sequence at this time. They will be placed in their proper order in the final draft.

TABLE VIII-2

RTS RECOMMENDED TRANSPORT INSTITUTIONAL INVESTMENTS

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
II-117(R)	Rehabilitate aviation training school	Djakarta	3.5	1971-73	V L 6
TI-118(R)	Expand aviation training school	Bangkok	1.6	1971-73	V L 6
PI-119(R)	Expand aviation training school	Manila	1.0	1971-73	V L 6
PI-120(R)	Establish an Air Services Corporation to own, manage and provide air navigation aids, communications and traffic control services	Philippines	(g)		V I 3
II-121(R)	Establish an Air Services Corporation to own, manage and provide air navigation aids, communications and traffic control services	Indonesia	(g)		V I 3
PI-122(R)	Establish a Civil Aviation Assistance Group to assist in air transport planning	Philippines	(g)		V I 3
II-123(R)	Establish a Civil Aviation Assistance Group to assist in air transport planning	Indonesia	(g)		V I 3
IT-124(R)	Improve maritime training facilities	Indonesia	(g)	77	IV E 4
RI-125(R)	Establish regional nav aids flight inspection service	Region	3.8	1971-73	V M 5
RI-126(R)	Establish Regional Railway Training Center	Region	(g)		(o)

TABLE VIII-3

RTS RECOMMENDED TRANSPORT VEHICLES INVESTMENT

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment (\$ Million)</u>	<u>Period</u>	<u>Reference</u>
RV-127(R)	Establish a regional airlines	Region	(g)		V M 4
RV-128(R)	Enter a major world-wide container ship consortium	Region	221.8	1975-80	IV A
RV-129(R)	Acquire parcel tankers for palm oil and other bulk	Region	10.1 ^(p)	1970-80	IV C 3
RV-130(R)	Acquire log and lumber carriers	Region	44.2(p)	1970-80	IV 6 3
RV-131(R)	Acquire dry bulk carriers for maize, ores, sugar and possibly rice	Region	31.5 ^(p)	1970-80	IV C 3
PV-132(R)	Replace domestic shipping fleet with multi-purposes vessels	Philippines	144.0	1971-90	IV D 2
IV-133(R)	Replace domestic shipping fleet with multi-purpose vessels	Indonesia	118.5	1975-90	IV D 2
RV-134(R)	Modify selected cargo ships of the region	Region	(g)		IV C 2
RV-135(R)	Develop multi-purpose for regional and domestic trade	Region	(g)		IV C 3

Table VIII-2 (Cont.)

<u>Code</u>	<u>Project Description</u>	<u>Location</u>	<u>Investment</u> <u>(\$Million)</u>	<u>Period</u>	<u>Reference</u>
IV-136(Ø)	Purchase new rolling stock and rehabilitate existing equipment	Indonesia	(r)	1971-75	II B 5
IV-137(R)	Purchase new rolling stock for West Sumatra R.R.	Sumatra	(s)	1971-75	(w)
TV-138(R)	Purchase additional railroad rolling stock for Thai RSR	Thailand	13.0	1972-76	II B 5
TV-139(R)	Extend Thai Royal State Railways from Ban Pachi to Khlong Sip Kao	Thailand	(v)	1971-75	II B 5
TV-140(R)	Extend Thai Royal State Railway from Chachoengsao to the proposed Port of Sattahip	Thailand	11.5	1971-75	II B 5
MV-141(Ø)	Purchase new goods' wagons	W. Malaysia	10.1	1971-80	(w)

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NOTES FOR TABLES VIII-1 TO VIII-3

- (a) Included in SA-6 (R).
- (b) IF the container port is placed close to but not at Manila, \$22 million of this sum will be for the new container port.
- (c) Included in TP-35(R).
- (d) Included in TP-41(R).
- (e) Included in SP-37(R).
- (f) Included in MP-38(R).
- (g) Needs further study before more details can be given.
- (h) Proposed by consultants to IBRD. Also, link loading analysis shows a capacity problem between 1975 and 1980.
- (i) Link loading analysis shows a capacity problem before 1975, but from an economic point of view these projects will not be feasible until the port of Da Nang is developed.
- (j) Link loading analysis shows capacity problem for these links; the projects are to be financed by the government, the IBRD and the ADB respectively.
- (k) Depends on whether or not container port is put in Batangas.
- (l) This project is included in the IBRD 1st Package, and final engineering is now underway.
- (m) Feasibility study .
- (n) Requires close watch of world container situation and could lead to decision to purchase container ships and containers at a cost of \$20-\$25 million for one ship plus containers. Assumes regional ships will carry 10% of trade flows by 1980, with 50% moving in containers.
- (o) Proposed by Kuala Lumpur Conference.
- (p) Capital cost of one 15,000 DWT ship is \$3.39 million. Assumes regional ships will carry 10% of 1980 trade flows.
- (q) Capital cost of one 30,000 DWT ship is \$6.3 million. Assumes regional ships will carry 10% of 1980 trade flows.
- (r) Included in IR-111(0).
- (s) Included in IR-112(R).
- (t) Feasibility study is now underway.

(u) Includes TV-139(R).

(v) Included TR-108 (R).

(w) Although this project was reviewed by the RFS team and considered desirable for further consideration or action on the part of the national government, no direct reference is made to the project in the survey.

C. OTHER TRANSPORT INVESTMENT

1. Projects Identified in National Plans and National Transport Surveys

The projects listed in the previous section (Tables VIII-1, -2, and -3) constitute only a part of the total transport investment which will be considered by the countries of the region in the next two decades. These projects, which are primarily concerned with internationally-oriented transport, do not include projects which would serve primarily domestic transport purposes. Most of the domestic transport investment requirements for the first half of the 1970's have by this time been identified in national economic plans or in recently completed national transport surveys and many of the corresponding projects have already been financed. Appendix 5-A lists the projects that can be identified from a study of the most recent national economic plans and transport surveys available to the RTS team, with the exception of those which have been included as RTS recommendations (i.e., shown in Tables VIII-1, -2 and -3). These projects would require investment of \$1.3 billion over the period 1970-1989. Because of the short-run nature of the national plans and most of the national surveys, nearly all these investments are planned for the 1970's. It should be noted that the projects listed in Appendix 5-A are subject to many of the same limitations as those projects recommended by the RTS and listed in Tables VIII-1 to VIII-3, and must be viewed with similar caution. An additional characteristic of these projects is that they are outgrowth of plans and surveys with relatively short time horizons and therefore do not constitute a program extending over the same period as the RTS. Specifically, the Indonesian First Five-Year Plan, forecasts on the period from 1969/70 to 1973/74, the Malaysian Second Five Year Plan from 1971 to 1975;¹ the Thai Third-Five Year Plan, from 1971 to 1976;² the Philippines Four-Year Development Plan from 1970/71 to 1973/74; and the Republic of Vietnam's

¹ Not given final approval in time for complete consideration in the RTS

² Ibid.

Ten-Year Plan for Highway Improvement from 1965 to 1975.¹ Laos and Singapore do not have formal national economic development plans similar to those of the other countries in the region. Furthermore, the plans vary widely in the specificity of the transport programs included in them, in the coordination and comprehensiveness of the programs they outline, and in the reliability for forecasting purposes which can be attached to them.

As indicated above, most of the countries in the region have had extensive transport surveys conducted in recent years which produced project recommendations, but again, the time horizons of these studies varied and all were shorter than that of the RTS. The surveys listed in Table A-13, Appendix 5-B are examples. Other sources used in the RTS analyses are listed in Book Three, Appendix H for ports, in Book Three, Appendix E for inland transport, and in Book Two, Chapter V, Attachment I, for air operation support facilities.

2. Estimates of Expenditures for Transport Equipment in the Private Sector

While it proved infeasible to forecast all investment in transport infrastructure or equipment by the private sector, estimates were made of motor vehicle purchases in the region over the 20-year period covered by the study, since this was thought likely to constitute a major portion of private sector investment. By estimating the number of vehicles likely to be purchased and assigning a value per vehicle to the three major classes of land motor transport (automobiles, trucks and buses), a substantial portion of the private sector's investment in transport (perhaps as much as 90%) can be approximated for the 20-year period. Other private sector transport investments will be relatively small, for private mineral, forestry and agricultural roads, ports and facilities, and for limited numbers of privately-owned ships, aircraft and miscellaneous items.

¹ No official port or aviation plans available.

As Table VIII-4 shows in summary form, \$91 billion (including taxes but excluding replacement parts) is foreseen in land motor vehicle purchases between 1970 and 1980. Some portion of this will, of course, be classified in national account terms as personal consumption expenditure and not investment. In any event, this amount clearly overshadows

TABLE VIII-4
ESTIMATED PURCHASES OF LAND MOTOR VEHICLES:
1970-1989

Country	No of Vehicles to be Purchased (000) ^a			Expenditure(\$million) ^b	
	Cars	Buses/Trucks	Cars	Buses/Trucks	Total
Indonesia	3,823.5	1,177.4	15,194	7,653	22,947
Singapore	1,149.6	193.4	4,598	1,257	5,855
Malaysia	3,490.6	517.0	13,962	3,361	17,323
Laos	137.1	30.0	548	195	743
R. of Vietnam	832.7	332.8	3,331	2,163	5,494
Thailand	2,196.6	1,643.7	8,786	10,684	19,470
Philippines	3,384.3	924.2	13,537	6,007	19,544
Total Region	15,014.4	4,818.5	59,956	31,320	91,276

^aTotal number of cars and buses/trucks to be purchased in a country was computed by taking the difference between the number projected for 1990, and the number available in 1970 and adjusting for replacements, i.e.:

Number of vehicles (cars, buses/trucks) = $(\text{Number in 1990} - \text{Number in 1970}) \times \frac{20}{R}$ where R is the average life per vehicle. The value for R varies with each country as shown in the following:

	Average life of vehicle (R)	
	Cars	Buses/Trucks
Malaysia, Singapore	10	10
Indonesia, R. of Vietnam, Laos	:	:
Philippines	14	10
Thailand	14	:

^bAs an average for all countries, it was assumed that the unit price for a car is \$4000 and for bus and truck \$6,500.

the amounts required for public infrastructure investment called for by the RTS, the latest national plans, and other transport surveys, which all together total only about \$4-5 billion. Even if account were taken of projects whose investment needs have not been feasible to estimate, and adjustments were made for additional projects not presently foreseeable, funds required for gross fixed capital investment in public transport infrastructure would still fall far short of those for private sector vehicle purchases.

The governments of the region have displayed awareness of the far-reaching implications of the growing demand for vehicles in Southeast Asia, as have the major automobile manufacturing nations of the world. A special advisory committee of ASEAN is now studying prospects for a regional automotive industry based on a recently completed study by United Nations Team of the future automobile needs of the region.¹ With a projected need for approximately 20 million new vehicles over 20 years, the prospect for such a regional industry appears very bright.

Certain countries in the region have already instituted or are considering policies that will ensure greater national benefits from the increasing motor vehicle demand. The Philippines, for example, recently adopted a progressive car manufacturing scheme, aimed at increasing the local content in passenger car manufacturing. A similar measure may eventually be adopted for commercial vehicles.

The \$91 billion derived in the very rough RTS projections includes a substantial portion (about one-half) for taxes and duties while taxes and duties are not costs to the country (i.e., they are financial costs but not economic costs), they are nevertheless costs to the decision-makers, who in this case are mostly in the private sector, and therefore influence their behavior. Thus, the policy makers in the region will find in vehicle investment a critical area for directing transport development. Through taxation and other policies affecting domestic or regional manufacture and use of motor vehicles, they can do much to influence the form of transport development in the region. This fact together with the enormous direct economic benefits that may arise

¹ the UN study goes into much greater depth than the RTS has in projecting the motor vehicle needs of the region. The results of the two independently-derived projects are, however, consistent with each other.

Table VIII- 5 (Cont.)

- Strengthen or establish liaison at the highest government level for rural road development in a coordinated agricultural development plan.
- Establish the following institutions to promote economic growth through regional cooperation in transport-related investment:
 - .. A Fisheries Development Fund to administer licensing arrangements, make loans to regional fishermen and provide technical assistance, coordinated with a program for developing fishing ports, shore facilities, cold storage and fishing vessels. DB 5
 - ... A Southeast Asian Design Council and a Design Institute to ensure that regional industrial standards as a means of developing export markets for manufactured goods. DH 5
- A Regional Export Advisory and Marketing Council to promote the products of the region in overseas markets while encouraging greater intra-regional trade. IB 4

TABLE VIII-6

RECOMMENDATIONS FOR TRANSPORT POLICY

<u>Summary of Recommendation</u>	<u>Reference</u>
• Maintain and broaden, through all practical means, regional cooperation in transport development, emphasizing shared common interest in matters outside the competence or control of any one government acting alone.	
• Emphasise approaches to transport planning, development and policy formulation from an intermodal and systems point of view.	
• Take advantage of opportunities to defer or avoid capital investment in transport facilities by improving efficiency.	
• Emphasize objective evaluation, based on sound research, in transport project formulation and appraisal. Study major projects in national accounts as well as financial terms.	
• Deal with transport in balance with other sectors of the economy competing for scarce resources.	
• Review the domestic air fare structure in each of the countries to make sure it is consistent with overall national policy.	VD 3
• Harmonize the approach to negotiation or bilateral agreements on landing rights with countries outside the region; especially needed is a clear and mutually acceptable definition of a regional "open skies" policy and policies for dealing with charter traffic into the region	VC 2
• Review on a regular basis the capacity, quality and patterns of intra-regional air services as a basis for air transport planning and policy decisions.	VC

Table VIII-6 (Cont.)

- Consider standardizing equipment among the regional airlines which in turn would make pooling of equipment and spares more practicable. The possibility of coordinated purchase of new aircraft types presents a near-term opportunity worth investigating. VM 3
- Formulate or revise comprehensive national policies for aviation development, particularly fare structure and for guiding decisions on locations of domestic airports, scheduling their construction, scaling their facilities, and establishing charges for the use of airport facilities. VD 3; VF 6; VH 1
- Coordinates training and maintenance functions of the regionally-based airlines and civil aviation authorities. VL 5
- Review the schedules of user, charges for navigation, communication and air traffic control services for international and domestic flights. VI 4
- Develop pricing that will lead shippers to make optimal use of the transport system in all modes and reflect a balanced national policy. II I
- Enforce size and weight limitations for highway use.
- Develop a basic policy regarding the role of railways.
- Experiment actively with railway rates to encourage use of rail transport.
- Orient transportation manpower development toward general long-range targets rather than specialized requirements. N C
- Develop new approaches to specialized training in transportation skills, based on analyses of the alternate means for developing a given skill. N C

Table VIII-6, (Cont.)

<u>Summary of Recommendations</u>	<u>Reference</u>
• Initiate comprehensive job analysis and standardization programs in key transportation skill categories to support manpower planning and development of improved training methods	N E
• Review traditional patterns of personnel utilization to improve the utilization of scarce skills.	N F
• Introduce incentives to reduce personnel turnover in the ranks of younger transportation engineers.	N F
• Accept the 1956 customs convention on containers and apply its principles to other forms of unitization.	III, Attachment 2

Table VIII-7

RECOMMENDATIONS FOR IMPROVED TRANSPORT
MANAGEMENT

<u>Summary of Recommendation</u>	<u>Reference</u>
• Improve the efficiency of processing import and export cargoes at seaports by simplifying paper-work, eliminating interference from outside influence in the clearance process, and changing procedures which can be misused for illegal purposes.	III, Attachment 1
• Consider computerization of the customs clearance process as the volume of transactions increases to the point where modern data processing techniques become practical.	III, Attachment 1
• Increase the effectiveness of cost analysis and sales and service functions in the railways.	
• Investigate the potential for more extensive use of operations research by railways, port authorities, and air terminal authorities.	

TABLE VIII-8

RECOMMENDATIONS FOR ACTION OUTSIDE THE TRANSPORT FIELD

<u>Summary of Recommendations</u>	<u>Reference</u>
<ul style="list-style-type: none"> Organize shrimp fishing operations in the Philippines, Indonesia and Malaysia, each involving 20 or more modern specialised shrimp trawlers (the minimum needed to support on-shore processing and freezing facilities). As many as 30 to 50 such operations would be possible in the region at an investment of \$2.5 million for each, plus back-up infrastructure 	D B 5
<ul style="list-style-type: none"> Develop a joint tuna fishing operation between Indonesia and the Philippines consisting of ten vessels and a shore base with cold storage facilities. Investment of at least \$5 million plus infrastructure within the shore-base country would be required. 	D B 5
<ul style="list-style-type: none"> Build up private or public fish-carrying fleets to reduce price differentials between point of catch and major markets. 	D B 5
<ul style="list-style-type: none"> Develop joint ventures for storing, shipping, and marketing palm oil and rubber from Malaysia and Indonesia, including centralized storage facilities in Europe. 	D C 1; D D 5
<ul style="list-style-type: none"> Assist in distributing information to small holders about stimulants for increasing yields of rubber trees. Also assist in assuring greater distribution and use of these stimulants. 	D D 2
<ul style="list-style-type: none"> Encourage the development of large-scale mechanized (LSM) logging operations in Indonesia, the Philippines and East Malaysia. These operations will typically require an annual capacity of 100,000 to 360,000 cubic meters of log production, encompass an area of 100-250 km. from the shipping point and require an investment of 	

TABLE VIII - 8 (Cont.)

between \$2.5 and \$7.3 million.

- Coordinate the development of interior forest resources in Kalimantan, Sumatra, Sarawak and the southern Philippines with development of public highways leading to the outports or conversion centers. D E 4
- Encourage the development of major clothing industries in the region for export by taking the following measures: D H 3
 - .. Creation of free trade zones near major urban centres where manufacturers of garments for export can import raw materials duty-free without hinderance from customs.
 - .. Modification of regulations, particularly in Indonesia, which restrict the employment of women in industry.
 - .. Attraction of investors with experience in manufacture for export, i.e. from Singapore, Hong Kong and Japan.
 - .. Negotiation of the necessary quotas in the U.S., Western European and Japanese markets.
- Undertake feasibility and development studies in the tourism field as follows: D I
 - .. Tourist development of Pattaya and Chiang Mai (Thailand).
 - .. Development of sites such as Ayuthaya and Nakorn Pathom to expand the attraction of the Bangkok area.
 - .. Tourist development potential of Kota Kinabalu (Sabah).
 - .. Tourist development potential of Laka Toba (Sumatra).

TABLE VIII - 8 (Cont.)

- .. Master plan for tourist development in
Jogjakarta.
- .. Development of resort areas providing sporting
and other recreational facilities primarily for
residents of the region.
- .. Expanse of regional efforts in marketing Southeast
Asia tourism elsewhere in the world.

E. INVESTMENT IMPLICATIONS OF THE REGIONAL PROGRAM

1. The Combined RFS and Other Transport Project Investment Recommendations

Preceding sections of this chapter have listed the transport investments recommended by the Regional Transport Survey for further attention (Tables VIII-1, -2 and -3) and others which are included in the most recent national transport plans or surveys (Appendix 5-A). The projects have been given code numbers as described in Sections B and C and, where possible, approximate investment costs of individual projects have been indicated. The present section is devoted to a discussion of the overall investment implications of these two lists.

Table VIII-9 gives summary totals of estimable transport investments arising from the projects identified. The total excludes projects (even though listed in Appendix 5-A) which in the survey team's judgment appear to be inconsistent with national or regional objectives.¹ The summary totals show requirements for \$4.62 billion in transport infrastructure and vehicle investment, most of it in the public sector for the period 1970-1989. Nearly 75% of this amount is for the decade of the 1970's.

It should be reiterated that most of the projects in Tables VIII-1 to VIII-3 and many in Appendix 5-A have not been studied in enough depth to permit these totals to be considered as anything more than an indication of transport investment needs. Furthermore, many projects have not been described in a fashion which permits estimation of investment requirements. Finally, caution must be observed in interpreting these figures for budgeting purposes; the investment requirements have been assigned to the period during which a particular project is to be undertaken and do not reflect its possible payment schedule.

¹ Tables A-14 to A-21 in Appendix 5-C summarize the investment by country implied in the projects recommended by the RFS (listed in Table VIII-1 to VIII-3). Tables A-22 to A-28 in Appendix 5-C summarize, also by country, the investment implied by projects listed in Appendix 5-A, less those excluded on the principle just mentioned.

2. Implications

The magnitude of this investment program (including both RTS-recommended projects and others) is quite small when viewed in terms of other requirements in the region. The level of expenditure likely to be involved in the purchase of new motor vehicles has already been mentioned as overshadowing it. Total capital expenditure in the region is projected at \$73 billion over the 1970's (see Chapter 1, Section B 3), while the transport projects identified by the RTS and other surveys and plans during this period will cost \$3.6 billion, or only 5% of total capital expenditure. Even if the project lists here prove to be conservative, annual expenditures in transport investment as a percent of total investment expenditures in the region in the 1970's would undoubtedly still be relatively small.

TABLE VIII-9

TRANSPORT PROJECT INVESTMENT REQUIREMENTS:
PRIMARY PUBLIC
(\$ million)

<u>Country</u>	<u>RTS</u> <u>Recommendations</u>		<u>Recommendations</u> <u>of Others</u>		<u>Total</u>	
	<u>1970-79</u>	<u>1980-89</u>	<u>1970-79</u>	<u>1980-89</u>	<u>1970-79</u>	<u>1980-89</u>
Indonesia	834.1	98.5	106.9	5.0	941.0	103.5
Singapore	61.0	25.0	11.8	2.2	72.8	27.2
Malaysia	292.9	18.0	165.8	65.6	445.6	90.9
Laos	54.8	24.0	22.5	-	77.3	24.0
R. of Vietnam	32.5	59.3	116.9	18.0	149.4	77.3
Thailand	614.0	480.0	402.5	1.5	1,016.5	481.5
Philippines	<u>205.2</u>	<u>125.0</u>	<u>455.3</u>	<u>-</u>	<u>660.5</u>	<u>125.0</u>
Total	2,094.5 ^a	829.8	1,281.7 ^b	92.3 ^b	3,376.2 ^a	922.1

^a "Regional" project investments of \$326 million are not included.

^b Excludes projects rejected by RTS.

The comparatively small capital requirements for investment in transportation may come as a surprise to some, especially in view of the importance of transport and mobility in the growth process. In part this reflects the fact that the Regional Transport Survey attempted to identify only those projects that may logically be construed as regional.¹ Yet, except in the case of inland transport, the concept "regional" has been very broadly interpreted. The truth of the matter seems to be that upgrading all the international ports and airports in the region to meet the needs of an optimistic growth forecast in the next 20 years, upgrading domestic ports and airports, including navajds and communications, and making the recommended investments in ocean-going vessels, together with principal highway improvements where needed, does not appear to require public expenditures much beyond the existing financial capabilities of the countries of the region. This will be examined in more detail in the Section F. The intriguing question is why this has turned out to be the case. There are several plausible explanations.

In the first place, the existing transportation infrastructure may have been excessive relative to needs or use. In the colonial period much foreign investment went toward infrastructure, especially railroads, to develop export trade.² To be sure, the transport facilities in ports and railroads were designed to preserve the colonial status quo and not to develop the region in the sense of raising per capita incomes of local residents. However, to the extent that an export-oriented strategy to already-developed regions remains as a sensible option, as argued in Chapter I of Book Two, the facilities laid down and the route patterns established in this period continue to support national economic goals.

¹The relatively low investment requirements are also partly the result of the fact that the national plans and surveys which are the sources for other projects focus mostly on the period up to 1976.

²See Gunnar Myrdal, Asian Drama, Vol. I, the Twentieth Century Fund, N.Y., 1958, pp. 616-617.

Furthermore, following World War II there was an enormous increase in capital flows to Asia. This increase has been largely public rather than private, and has once again given heavy preference to transportation investment. In addition, the developing nations of the region themselves spent relatively large sums of their own resources on transportation investment.¹

The creation of transport infrastructure has been hastened by U.S. military involvement in Southeast Asia. Roads, bridges, ports and airports have been built in the Republic of Vietnam, Laos, Thailand and to some extent in the Philippines .

There are other reasons for the observed emphasis on transport investment in the region aside from the obvious ones associated with wars. Some are an outgrowth of the 19th century U.S. economic development experience, which seemed to many to have been accelerated by canal and railroad construction. The fact that recent historians have questioned the importance of U.S. transport investment in the 19th century has not been enough to eradicate the deeply-ingrained belief that transportation is in some measure a growth catalyst.

"At least, investments in transport infrastructure appear to be politically 'safe' in the sense that they cannot be proven wrong before they are started and ... are unlikely ever to become obvious failures."²

But there are other explanations for the apparently small amounts of transport investment needed in the RTS countries to accomodate growth through 1990. Some transportation capital will be provided by private enterprise. This is particularly true for large-scale logging, petroleum and mining development. Since these are particularly dynamic areas whose anticipated growth rates in terms of value of exports exceeds that of total exports for the region, much of the region's growth is only tangentially related to publicly-provided transportation, if at all

¹The evidence indicates that for most developing economies the proportion of total public investment devoted to transport is often as high as 25%-30%. Wilfred Owen, Strategy for Mobility, The Brookings Institution, Washington D.C. 1964 pp. 44-45.

²A.O.Hirschman, The Strategy of Economic Development, Yale University Press, 1962, p. 85.

Another assumption made in the RTS calculation of needed investments (except in the case of airports) was that institutional and organisational changes would be made and favorably influence the efficiency of existing facilities. Possible gains in productivity without new capital may be substantial. For example, in the analysis of the port of Penang, throughput has been projected to increase from 300 M.T. per meter wharf to 450 M.T. solely through introduction of such institutional changes as better training of port labour and simplification of customs procedures. This is no isolated case. In short, for much of the existing transport capacity in the region, large gains in productivity may be possible without much additional capital investment. If at the same time there exists an excess of public transportation facilities, the potential gains from institutional change are even greater.

There is obviously considerable scope for progress along these lines, as Section D of this chapter suggests. It has long been recognized that one of the key problems of the railroads, for example, is a refusal to provide incentive rates or to tailor service to shippers' needs -- a kind of institutional rigidity that regularly responds to declining traffic by demanding higher rates, fares or subsidies. An equally limiting factor is the state of port management; customs procedures at many ports are cumbersome, corrupt and confusing.

Even though large gains in productivity can follow from institutional changes, it must be recognized that effecting such changes may be very difficult. It is often far harder to alter long-established practices, customs and organisations than it is to add new physical capital, and easier to tolerate obvious institutional inefficiencies than to make hard decisions regarding personnel and practices that have been in a sense "good enough in the past. It therefore takes almost heroic optimism to believe that customs procedures will be soon be significantly altered or that dock time can be reduced by 50% through institutional improvements. Nonetheless, while some of the recommended institutional, policy and management changes summarized in Section D may seem trite, taken together they are a necessary condition for sound transport development in the region on a

sustainable basis. It must be borne in mind, however, that knowledge of how to bring about this type of change is more deficient than in almost any other field of human endeavor.

Thus part of the relatively low levels of public investment in transport recommended in this survey may stem from optimistic assumptions regarding what can be done to make present administrative and organizational arrangements more flexible and efficient. Experimentation with rates, fares and charges, provision of special services when the demand warrants, and introduction of incentives to retrain, upgrade and transfer labor among pre-existing or new job categories are some aspects of the flexibility and responsiveness to economic potential in the transport sector that have been assumed. No one familiar with the region can believe that such changes will come about easily. Yet, if they are not made the transport investments will have to be more substantial than the estimates made here. In short, a trade-off must be made between capital needs and institutional change; neglecting the latter in preference to the former places an especially onerous burden on developing economies.

Finally, the small investment package may be a result of the non-urban orientation of the regional concept. That is, it may well be that the most critical and substantial public transport investments are needed in urban and suburban areas, a discussion of which is clearly beyond the bounds of a regional transportation survey. Thus no major transport investments of a strictly urban nature have been included in the regional investment program, and few instances of urban transport plans appear in the recent development plans. The Regional Transport Survey does consider urban problems and notes how critical to economic development a long-range solution to urban congestion can be. While estimates have yet to be made, it already appears that the investments that will be required for urban-oriented transportation may be enormous.

F. RESOURCES THAT MAY BE AVAILABLE FOR TRANSPORT INVESTMENT

1. Projections of Fixed Capital Investment in Transport in the Region

Although the transport investment program for the region discussed in the preceding section does not represent a very large portion of total projected capital requirements, it is nevertheless a formidable sum of money and should be compared with total national fixed capital expenditures planned by the governments in the region. Such an exercise, of course, has obvious limitations, the most important of which are outlined in the closing pages of this section. To get some order of magnitude, the RTS has developed estimates based on national plans, data collected in the surveys, and other recent transport surveys, which indicate that approximately \$4.4 billion from domestic sources (1.1% of GDP in the region) will be invested as fixed capital in public sector transport in the 1970's.¹ During the 1980's it is expected that the region will invest \$10.2 billion from domestic sources in public transport fixed capital (exclusive of the expenditures of Laos and the RVN whose futures are too uncertain to predict). Foreign loans and grants will provide an additional \$4.6 billion in the 1970's and \$5.4 billion in the

¹ Not enough information on disaggregated total public and private gross fixed capital information (G.F.C.F.) in transport was available to make meaningful projections. Data for Thailand and Singapore, summarised below, are doubtless indicative, however. (All figures are in million US dollars).

Thailand	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
GFCF in transport equipment only	79.8	309.3	311.0	n.a.
% of GDP	3.1	6.0	5.6	n.a.
Singapore	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
GFCF in transport equipment only	6.7	7.6	34.5	37.9
% of GDP	0.6	0.7	3.0	3.2

1980's.¹ In summary, public transport investments in the region in the 1970's are expected to be \$9 billion, of which 49% will be generated from domestic sources and 51% from foreign sources. In the 1980's, total regional public transport investments may be as high as \$15.52 billion (excluding Laos and the Republic of Vietnam), with 66% generated from domestic sources and 34% from foreign sources. As a portion of total government development expenditures in the region, transport development expenditure is expected to vary from a high of 50% to 60% in Thailand to a low of 10% to 15% in the Philippines.

The projected national development expenditures for transport are presented in Tables VIII-10, -11 and -12 were derived by a process described in Chapter VI of Book Two. In general, they are based on whatever information was available in the most recent development plans, plus projections based on the RTS growth model and interpretations of long-range policies of the countries of the region.

2. Foreign Exchange Requests and Sources

It is difficult to estimate the exact level of foreign financing that will be requested by the RTS countries in the period covered here, and equally difficult to determine the magnitude of funds that will be available.

Nevertheless, the Regional Transport Survey has made some very rough approximations of the magnitude of foreign exchange requests which can be expected to accompany the domestic commitments to the transport sector estimated above, and has checked them against the possible availability of foreign funds from the various key sources.

The foreign exchange component estimates are based on the projections of public transport development expenditures shown in Tables VIII-10, -11, and -12. These projections, summarised below, indicate that in the 1970's the seven countries of the region may request \$4.6 billion in

¹ Estimates of foreign exchange requirements for Laos and the Republic of Vietnam, based on per capita projections, indicate that \$30 million and \$1.1 billion, respectively may be needed in these two countries in the 1980's. However, the \$5.4 billion estimate does not include these sums.

foreign exchange for transport infrastructure.¹ In the 1980's, the foreign exchange requirements could be as high as \$6.5 billion (including estimates for Laos and the RVN). Thus in the 20-year period a total of around of \$11.1 billion maybe requested from foreign sources to finance transport infrastructure in the region.

Financing the program will require a very substantial effort for the governments of the region. The capital-to-output ratio of transport infrastructure is very high andd returns on investment are difficult to measure. Capital and qualified manpower is scarce, and transport must compete with many other important areas for the use of these resources. Moreover, because the foreign exchange and foreign technical assistance components are quite large, considerable help will be needed from international lending institutions and foreign aid programs.

Each project or program will have to be judged individually and will complete against similar requests from all over the world. In addition, policies such as the attitude toward foreign exchange reserves will continue to change in the countries of the region, and the developed nations may change their approach in such areas as foreign aid commitments. Finally, the nature of the projects as well as the project mix may change, influencing the foreign financing component of any program.

The question arises whether the foreign exchange likely to be requested will be available for the region. Part of it will come from export earnings, but this source of foreign exchange will clearly not be sufficient. In addition to being needed for other investments in the public sector, export earnings will also be used to import capital goods and raw materials for building up the industrial sector and for imports of consumer goods. Thus the real question is whether or not the region can expect to find

¹ The breakdown between domestic and foreign exchange requirements for many of the RTS recommended projects can be found in the sections of the report indicated in Tables VIII-1, -2 and -3 and in Appendix 5-A for other transport projects.

external assistance in the form of loans and grants to help finance the transport development program. The best that can be done to answer this question is to perform some very rough calculations based on a number of assumptions which now appear reasonable.

Foreign assistance is presently provided by a large number of national, international and private organizations such as the World Bank (IBRD), the International Development Association (IDA), the Export-Import Bank, the U.S. Agency for International Development, the UNDP, the ADB, the Inter-Governmental Group for Indonesia (IGGI), and others.¹ The major developed nations assisting Southeast Asia bilaterally have been the U.S., Japan, West Germany, France, the U.K., the Netherlands and Australia in that order. A summary of foreign assistance from multi-lateral and bilateral sources in 1967 and projections of future foreign assistance which might be available are summarized, together with the basic underlying assumptions, in Appendix 5-D.

It is estimated that \$6.2 billion will be available in foreign financial assistance for transport development in the 1970's and \$9.9 billion in the 1980's. Compared to the region's projected foreign exchange requests (Tables VIII-10, -11, and -12), there should be little difficulty in raising the foreign financing required in the region for public transport development envisaged in the period being studied. The expected requests for foreign grants and loans are estimated to be around \$10 billion, and the amount that can be expected to be available if the assumptions prove valid will be around \$16 billion. Since the latter includes both official and private development aid, it can be assumed that the difference, i.e. \$6 billion, will be available for private development-type loans for infrastructure and transport equipment.

¹For a more detailed description of the various multi-lateral and bilateral aid and assistance programs, particularly with regard to transport, see Wilfred Owen., Strategy for Mobility, the Brookings Institution, 1964, pp, 153-190. An overall assessment of foreign assistance in Southeast Asia may be found in Development Assistance to Southeast Asia, Committee for Economic Development (CED/CEDA), New York, July 1970.

3. Limitations in Making Projections of Resources

The limitations of the exercise in this section should be pointed out and, in certain cases mentioned above, cautions should be reiterated. The main precaution to be taken in using these estimates is that they are subject to great uncertainties concerning not only the policies of the region but the whole field of international relations. Second, the estimates of capital expenditures on transport as derived in these projections refer to actual flows of capital. In the previous sections of this chapter transport programs were discussed in terms of commitments to projects. Payments for these investments could follow any of a great many schedules and terms of financing (e.g. a stretch of highway may involve a capital expenditure commitment of \$10 million, but repayment of the loan involved may not begin until after a five-year grace period and may extend over as long as 20 years). Thus it is virtually impossible to make meaningful comparisons between the investment program as defined by the summation of the projects and the projected expenditures on transport as defined in this section.

Another limitation in the projections derived here is that they exclude evaluation of gross fixed capital formation for transportation in a number of major areas such as the private sector and the provincial and municipal public sectors.

Finally, the projections of resources for transport development, as shown above, are incomplete in that they refer only to financial resources and do not make any attempt to forecast manpower availability either quantitatively or qualitatively. The administrative and technical resources needed for transport development in the region will be quite large, and could be a major bottleneck. Indeed, a rough comparison between the projected investment needs for the identified projects and the future financial resource availability, even in light of the limitations pointed to above, indicates that financing the programs does not on the surface appear to present major problems. Although with sufficient funds the region can go a long way towards purchasing the needed skills, there will still be a very substantial requirement for indigenous talent. This problem is given further consideration in Book Three appendix N, "Transportation Training in the Region," and is also dealt with in

Book Two, Chapter IV, Section E, and Book Two, Chapter V, Section L.

TABLE VIII-10
ESTIMATED NATIONAL DEVELOPMENT EXPENDITURES FOR TRANSPORT: 1970 - 1974
(Million US\$, 1970 prices)

Country	GDP	Government Revenues	<u>Development Expenditures</u>			<u>Development Expenditures</u>			Transport Development Expenditures as a Percent of Total Development Expenditures
			Total	Domestic	Foreign	Total	Domestic	Foreign	
Indonesia	44,600	4,590	2,980 ^a	640	2,340	650	170	480	27%
Singapore	10,640	2,130	b	710	b	150	90	60	13%
Malaysia	23,050	4,360	b	1,480	b	660	220	440	15%
Thailand	37,880	5,300 ^d	2,120	c	c	1,070	730	340	50%
Philippines	32,910	4,090	b	1,930	b	560	240	320	12%
Rep. of Vietnam	19,370	b	b	b	b	550	180	370	b
Laos	<u>1,110</u>	<u>b</u>	<u>b</u>	<u>b</u>	<u>b</u>	<u>39</u>	<u>6</u>	<u>33</u>	<u>b</u>
Total	169,560					3,679	1,639	2,043	

TABLE VIII-11

ESTIMATED NATIONAL DEVELOPMENT EXPENDITURES FOR TRANSPORT: 1975 - 1979

(Million US\$, 1970 prices)

Country	GDP	Government Revenues	Development Expenditures			Development Expenditures			Transport Development Expenditures as a Percent of Total Development Expendi- tures
			Total	Domestic	Foreign	Total	Domestic	Foreign	
Indonesia	58,900	8,840	4,300	1,770	2,530	860	350	510	20%
Singapore	16,320	3,750	b	1,250	b	210	140	70	11%
Malaysia	31,160	6,320	b	2,130	b	900	330	570	15%
Thailand	51,390	7,200	2,130	c	c	1,660	1,280	380	58%
Philippines	44,520	6,160	b	3,080	b	950	380	570	12%
Rep. of Vietnam	24,830	b	b	b	b	720	260	460	b
Laos	<u>1,410</u>	b	b	b	b	<u>38</u>	<u>8</u>	<u>30</u>	b
Total	228,530					5,338	2,748	2,590	

TABLE VIII-12
ESTIMATED NATIONAL DEVELOPMENT EXPENDITURES FOR TRANSPORT: 1980-1989
(Million US\$, 1970 prices)

Country	GDP	Government Reven- ues	<u>Development Expenditures</u>			<u>Development Expenditures</u>			Transport Development Expenditures as a Percent of Total Development Expenditures
			Total	Domestic	Foreign	Total	Domestic	Foreign	
Indonesia	204,600	40,920	11,120	8,180	2,940	2,220	1,630	590	20%
Singapore	60,670	15,780	b	5,260	b	780	580	200	11%
Malaysia	104,560	23,110	b	7,620	b	2,800	1,150	1,650	15%
Thailand	171,790	25,770	10,310	c	c	5,860	5,280	580	57%
Rep. of Vietnam	n.a.	b	b	b	b	b	b	b	b
Laos	<u>n.a.</u>	b	b	b	b	<u>b</u>	<u>b</u>	<u>b</u>	b
Total	689,650					15,520	10,170	5,350	

Notes to Tables VIII - 10 to VIII-12

- ^a Based on First Five-Year Plan targets and adjusted for phasing by a factor of 1,005.
- ^b No basis for making projections.
- ^c Foreign finance was 27% of development expenditures from 1967-1971, but no basis for future estimates was available.
- ^d Assumes average annual expenditures of \$170 million in 1970-1971 and \$243 million in 1972-1974.
- ^e Assumes average annual expenditures of \$275 in 1975-76 and \$346 million in 1977, growing thereafter at 7% p.a.
- ^f Include foreign finance.

G. MANAGING THE PROGRAM:

AN OPPORTUNITY FOR REGIONALISM

The recommendations of the Regional Transport Survey constitute a massive agenda for the governments of the region, for multilateral agencies, for aid-giving countries, and for the private sector in all of the countries; both within and outside the transport field. To a certain extent the agenda will be self-executing; hopefully the report will be studied by the many organizations and institutions having a role in regional and national development efforts and its recommendations disposed of as seen best in each program.

The fact is, however, that there is at present no clear locus of responsibility for follow-up in an organized, systematic, and integrated manner. The Asian Development Bank, which served as executing agency for this study under agreements with the UNDP and the USAID -- the principal sources of financing, is fundamentally a financing institution and not a regional administrative agency. Furthermore, its scope of interest and responsibilities extend beyond the RTS region to all of Asia, and it must balance its program both in terms of all Asian regions and all sectors of their economies. The fundamental responsibility for follow-up rests, of course, with the governments of the countries of the region, and they will unquestionably turn out to be the principal actors in what is done. In this sense the governments will be the managers of the program, both in its purely national and in many of its regional aspects.

There are, however, many recommendations which require actions which lie outside the competence of any one government acting alone; management of navigational aids for the sea and air lanes is a classic example. It will be possible, of course, for one government to take the lead, asking others to join ad hoc; and this is undoubtedly how much of the agenda should and will be

handled. In other cases it may be that little will happen if the essentially regional items of the agenda are left for the initiation of a single government, particularly when all governments are so hard-pressed for executive and professional time and for funds with which to meet development needs in all sectors.

If there were a regional government, one could leave the agenda with it and look forward to action. There is none, of course. Five of the seven countries participating in the Regional Transport Survey -- Indonesia, Singapore, Malaysia, Thailand, and the Philippines -- are members of the Association of Southeast Asian Nations (ASEAN), which welcomes the membership of other countries in Southeast Asia. It would therefore be natural to suppose that ASEAN, which has far-reaching economic development interests, might accept some responsibility for following up valid recommendations for regional action which are outside the powers of national authorities acting alone. One problem with ASEAN as the repository of responsibility for follow-up, however, is that it has no permanent secretariat. Another is its own agenda of regionalism, which is so wide as to include all sectors of the regional economy. Measured against the executive (as contrasted with the consultative) capabilities of ASEAN at this time, the agenda for regional follow-up of the transport survey seems too massive and broad on the one hand and too narrowly focussed on transport on the other to be handled effectively except at a high policy-making level (the member countries of ASEAN are usually represented at meetings by their Ministers of Foreign Affairs). Participation by ASEAN would clearly be helpful, but it is unlikely to meet the entire need.

Regardless of the exact locus of responsibility, two somewhat distinct follow-up programs are indicated. One program requires essentially administration. This program would include:

- Monitoring the steps taken by others in the transport field and maintaining a publicly available record of what has been left/untouched -- a clearing house function.

- Regularly calling to the attention of the governments, multilateral donor agencies, multilateral financial agencies, and donor countries those areas of the regional transport field where action is needed outside the exclusive concern of a single government -- a promotional function.
- Helping identify sources of funds or securing funding for regional (as contrasted with national) projects, especially feasibility studies -- a financing advisory function.
- Maintaining liaison between transport and communications ministries of the region on regional problems and programs -- an inter-governmental communications function.

The second program could be classified as "professional". This would include:

- Developing a library and information center on transport in the region and a supporting library in the transport field generally. This should work through already established library resources, not duplicating them but specializing in the transport policy and planning field.
- Designing data collection programs and plans for the maintenance of statistical series in the interest of better understanding of the economic, management and technical aspects of transportation development in the region, as well as of securing their adoption by governments and institutions.
- Developing and maintaining a reservoir of information about needs for trained manpower in the transport field, designing or bringing about the design of training programs, identifying and assisting in obtaining finance for training in the region and abroad, of talented young people as well as experienced managers, specialists and technicians.

- Identifying new needs for research on transport problems and seeking research sponsors, executing agencies, and the professional services of individual experts or firms to carry it out. Included in this function would be the important task of seeing to it that key feasibility studies of projects of regional significance are financed and carried out.

Enumeration of these needed follow-up activities, both administrative and professional, leads logically to the identification of the Secretariat of the Coordinating Committee of Southeast Asian Senior Officials on Transport and Communications as an appropriate agency, provided it is strengthened and given continuity.

The Coordinating Committee (COORDCOM) consists of one senior civil servant familiar with transport affairs from each of the seven governments cooperating in the Regional Transport Survey (Indonesia, Singapore, Malaysia, Thailand, Laos, the Republic of Vietnam and the Philippines) plus Brunei. The Republic of Khmer (formerly Cambodia) sent an observer to the last meeting of COORDCOM in February 1971, thus completing the roster of Indo-China peninsula countries outside the Eastern Bloc who have indicated an interest in COORDCOM's activities. COORDCOM was formed in 1967 and has met regularly since then. Its terms of reference include communications affairs as well as transport. The cost of its Interim Secretariat -- a civil servant seconded by the Malaysian government plus a small clerical staff -- has until 1971 been donated by USAID through the Malaysian government. At its ninth meeting in February 1971, COORDCOM received for the first time a pledge of financing for the Interim Secretariat directly from its member governments, covering the calendar year 1971. With this development and the expressed interest of the Khmer Republic, it can be said that COORDCOM has passed the take-off point and could be on the way to becoming a permanent regional institution specifically focused on transport

and communications development in all of Southeast Asia. The demonstrated durability of the COORDCOM concept, the quality of its interim staff, and the professional, non-political character of its membership all bode well for the future.

If COORDCOM were to undertake the administrative and professional functions needed to follow up the program recommended in this survey, it would require additional staff and finances. The scale would not be large, perhaps only several hundred thousand dollars equivalent per year beginning in 1972, primarily to permit the employment of a few highly competent professional staff members from multi-national sources (preferably Southeast Asian) and to finance the extensive travel and communications functions which are vital to success in such an effort. Attracting such staff would be highly dependent on some assurance of continuity, say for five years, by which time COORDCOM should be well enough established to compete effectively for talent with the other strong international professional organizations in the region.

A closing working relationship between a strengthened COORDCOM and the Asian Development Bank will also be a critical factor, although this should not exclude the development of similar close relationships with many other multilateral and bilateral development agencies with interests in Southeast Asian economic development.

In time, COORDCOM might become established as a permanent specialized international agency through formal agreement among the interested governments, thus obtaining some of the extra-territorial rights and privileges which facilitate administration of programs by the ADB, IBRD, the UN and similar agencies. For the time being, however, it can continue to operate as a committee, or could find an interim legal status as an appendage to an already-established international agency in the region.

The important and fundamental point is that without the acceptance of continuing responsibility for follow-up within the region on an organized, systematic basis by some competent organization -- in addition to the governments of the region themselves -- a great deal of the value of the Regional Transport Survey and the preceding groundwork of the governments, the UNDP, AID and the ADB could be dissipated.

Tenth Meeting of the Co-ordinating Committee
of Southeast Asian Senior Officials on
Transport and Communications

26 - 29 October, 1971

Asian Development Bank,
Manila, Philippines.

Managing the Southeast Asian Regional Transport
Programme - Future Role of Coordcom

The Regional Transport Survey (RTS) of the Southeast Asian Countries has recommended a sizeable programme for planning and development for transportation on a regional basis apart from a large number of national projects and programmes for each countries. As commented upon by the Asian Development Bank's Steering Committee, some further work will need to be done to clearly delineate programmes - both regional and national - indicating priority and time-phasing of projects which go into these programmes. However, the Participating Governments could usefully consider at this stage the follow-up actions needed on their part towards implementing the programmes. In this connection, it is particularly important to give advance consideration to the manner in which follow-up actions/regional programmes could be organised by the countries.

2. In so far as implementation of regional programmes is concerned, the need for an Intergovernmental Body on which all the RTS Member Governments are represented is evident and could not be over-emphasised. The Coordcom and its Secretariat have hitherto constituted such an Intergovernmental Organisation. The RTS Draft Final Report

recommends that the Coordcom be continued with an extended mandate and that its Secretariat should be strengthened if the Coordcom is to actively function as an Intergovernmental Body for follow-up actions on regional transport development programmes.

3. Broadly speaking, the functions to be performed by the Coordcom (and its Secretariat) are two fold:

(a) Executive or Administrative functions, involving bringing together all the countries concerned to promote collective thinking, collective initiative and follow-up actions in respect of planning, implementation and operation of regional projects and programmes;

(b) Planning functions, involving professional and technical work of preparing regional projects and programmes, presenting well-prepared programmes for consideration of Participating Governments, and sponsoring these programmes for assistance from inter-national or bilateral financial institutions.

4. Obviously, the success of regional programmes will depend, in the ultimate analysis, on the mandate given to the Coordcom by the Member Governments. Coordcom, despite its completely informal status, has hitherto functioned reasonably successfully. The principal tasks of the Coordcom hitherto have been to organise studies and to promote collective thinking on matters of regional interest. As regards future follow-up action on implementation, Coordcom will need to assist in collective decision-making by the Member Governments on regional programmes and projects - their implementation and even in most cases, their operation. The responsibility for such joint decisions would of course

be that of Ministries of Transport and Communications and, in fact, of the Governments of the Member Countries. It might be necessary, occasionally, to have collective meetings at the ministerial level.

5. Five of the seven Participating Governments in Coordcom are also members of ASEAN. In matters relating to regional transportation, Coordcom could also be the common forum for ASEAN, too.

6. As regard the Secretariat of Coordcom, its future strength has to be considered in relation to the two functions mentioned in para 3 above. The Coordcom Secretariat has already been performing the executive or administrative function although such function in future would necessarily make a heavier claim on the capacity of the Secretariat. As regards planning and professional tasks to be undertaken or organised in future, the Secretariat is not at all equipped at the present. The importance of this function can hardly be over-emphasized. In the processing of any regional project or programme, or any matter with regional implications, the Secretariat will clearly need to prepare proper cases, supported duely by facts and analysis, which could be considered collectively by the Coordcom and by the respective Governments. After the collective decisions of the Governments are available to proceed with implementation of regional programmes and projects, the Coordcom Secretariat would need to prepare cases for presentation to financial institutions. For projects and programmes for which the detailed feasibility studies should be available, preparation of such cases for consideration by financial institutions might not present problems. However, in other cases, the Coordcom Secretariat would need to organise original data. For effective discharge

of its professional and technical function, the Secretariat would need to maintain basic data for each country and for the region as a whole.

7. The Coordcom Secretariat clearly would need to be strengthened to include appropriate professional staff to provide the nucleus professional organisation on regional level. The Secretariat, in turn, could help develop professional staff for each national Government. For this purpose, the Secretariat could, apart from direct technical help and training, sponsor training in institutions such as the Asian Economic Development Institute and other international and national institutions including universities. While initially the Secretariat would need to depend upon consultants from consulting firms, both from inside and outside the region, for detailed feasibility studies, gradually expertise could be developed within Government organisations for undertaking such studies.

8. The Coordcom Secretariat would function under the overall direction of the Coordcom. However, it would be of great help if there is an appropriate technical or professional advisory group to advise the Secretariat in organising the research and studies and undertaking such other tasks.

9. As regards financing of the Secretariat, the Member Governments have already contributed towards maintaining the minimum necessary strength of the Secretariat essentially to perform the administrative function which is so basic for follow-up action on regional programmes. The Member Governments obviously would need financial support from outside agencies including inter-

ternational organisations such as UNDP, IBRD, ADB and bilateral agencies such as USAID and other bilateral sources to finance the expenses involved in discharge of its planning or professional function. Such assistance from outside will be absolutely necessary at least for the first few years of financing of the Secretariat. Such assistance could be given either as sub-ventions to the Secretariat or in financing of specific feasibility and other studies for projects and programmes which needed ultimately to be financed by international institutions.

10. The international and bilateral institutions could, if necessary, apart from giving financial support to discharge the functions of the Secretariat, could render useful technical and professional advice through the advisory committee mentioned in para 8 above.

11. To sum up, the proposal for consideration is that Coordcom should continue and in so far as regional transport development function is concerned should also be able to service ASEAN and the Ministerial Conference for the Economic Development of Southeast Asia. The Coordcom Secretariat should be strengthened to be able to perform both executive (administrative) function and professional or planning function. For purposes of the latter, the Coordcom should be assisted through constituting an appropriate technical advisory committee. As regards financing of the Coordcom Secretariat, apart from the contributions being already made by the Member Governments, financial assistance be sought from multilateral and bilateral sources (a) for sub-ventions to the Secretariat and (b) for assistance for specific studies to be undertaken by the Secretariat.

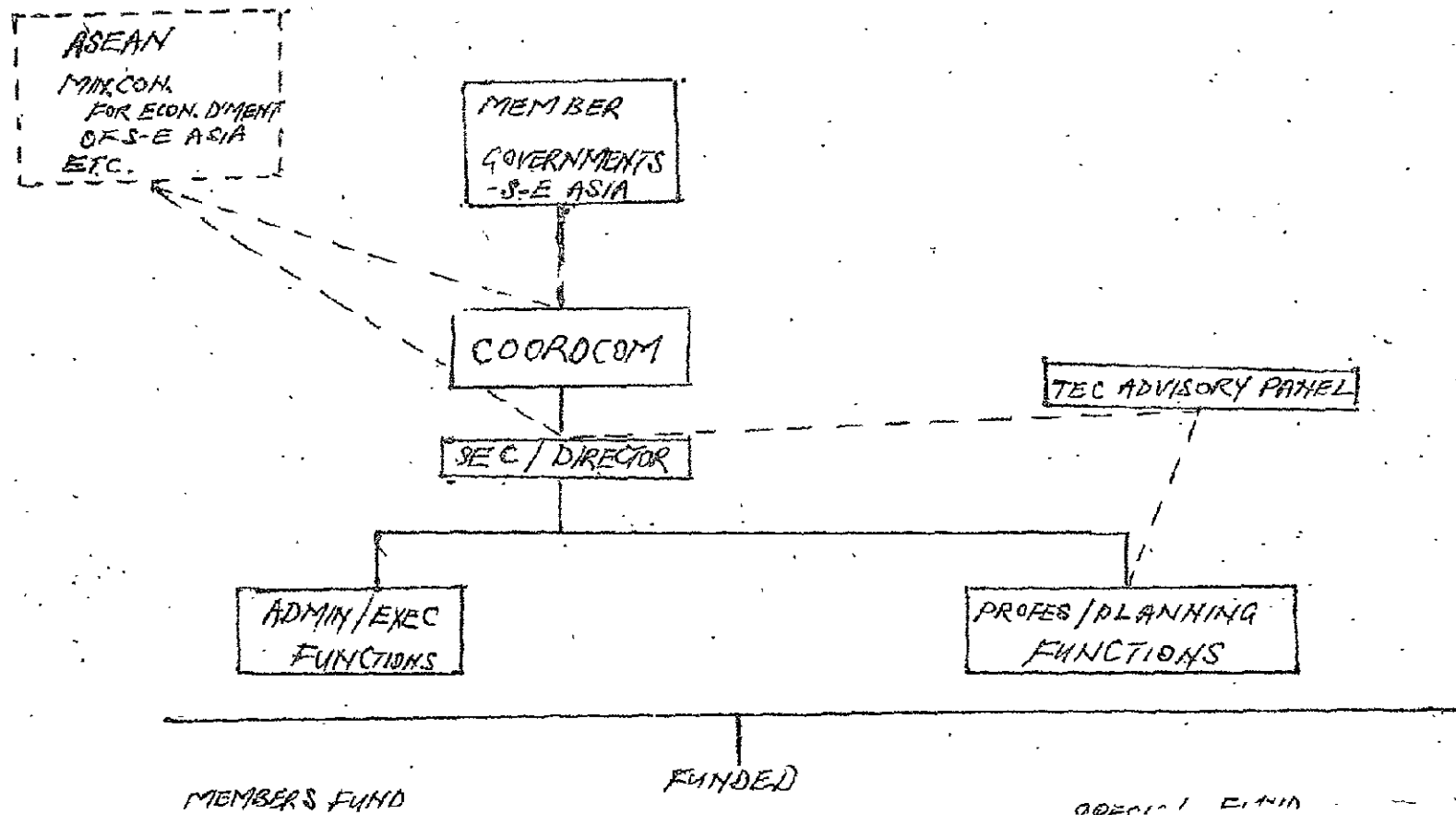
.... 12. The attached chart sums up the proposed organisation of the future Coordcom and its Secretariat.

13. This paper is submitted for advance consideration by the respective Governments. Final decision may be taken at the proposed meeting of transport and communication ministers of the region in May/June 1972.

Interim Secretariat,
Coordcom,
Kuala Lumpur.

23 October, 1971.

ORGANISATION TO FOLLOW UP RTS



IS-10M-6

Tenth Meeting of the Coordinating Committee
of Southeast Asian Senior Officials on
Transport and Communications

26 - 29 October, 1971

Asian Development Bank,
Manila, Philippines.

PROPOSED 1972 BUDGET OF THE INTERIM SECRETARIAT

... The attached estimate of proposed expenditures of the Interim Secretariat in 1972 is submitted for advance consideration of Coordcom. The actual budget, of course, will depend on decisions regarding the future role of Coordcom and its Secretariat.

Interim Secretariat,

Coordcom,

Kuala Lumpur.

22 October, 1971.

PROPOSED BUDGET OF INTERIM SECRETARIAT
TO THE CO-ORDINATING COMMITTEE OF SOUTHEAST
ASIAN SENIOR OFFICIALS ON TRANSPORT AND
COMMUNICATIONS

FOR THE CALENDAR YEAR 1972

(Approximately M\$2.90=US\$1.00)

I. <u>PERSONAL EMOLUMENTS</u>		M\$	M\$
(a)	Secretary - \$3,000 p.m.	36,000	
(b)	Assistant Secretary - \$1,500 p.m.	18,000	
(c)	2 Stenographers - \$500 p.m. each	12,000	
(d)	Office Assistant/Messenger \$200 p.m.	2,400	68,400
II. <u>OFFICE ACCOMODATION AND ADMINISTRATIVE EXPENSES</u>			
(a)	Office Space Rental	14,400	
(b)	Office Furniture and Equipment	10,000	
(c)	Office Supplies and Stationery	10,000	
(d)	Telephone, Telegrams and Postage	12,000	
(e)	Lighting and Power	1,200	
(f)	Local Transport and Travelling	3,600	
(g)	Other Administrative Expenses	5,000	56,200
III. <u>SERVICING CO-ORDINATING COMMITTEE MEETING DURING THE YEAR (TWO NOMINALLY)</u>			
(a)	Air (Economy)	8,000	
(b)	Per Diem	7,000	
(c)	Meeting Expenses	6,000	21,000

C/F

145,600

IV. SECRETARY REPRESENTATION FUND

(Representing Co-ordinating Committee
at Meetings, Discussions, etc)

(a) Air Fare (Economy)	7,000	
(b) Per Diem	3,500	
(c) Representation	<u>4,500</u>	15,000

V. CONTINGENCIES

15,000

M\$

175,600

=====

Approximately US\$60,550

Interim Secretariat,
Coordcom,
Kuala Lumpur.

22 October, 1971.

IS-10M-7

Tenth Meeting of the Co-ordinating Committee
of Southeast Asian Senior Officials on
Transport and Communications

26 - 29 October, 1971

Asian Development Bank
Makati, Philippines

SUGGESTION TO HOLD MEETING OF SOUTHEAST
ASIAN MINISTERS OF TRANSPORT AND COMMUNICATIONS

The attached letter from the Secretary
of the Interim Secretariat to the Hon'ble John A.
Volpe, the Secretary of Transportation of the U.S.
Government, refers to a suggestion to hold a meeting of
Southeast Asian Ministers of Transport and Communications
in May/June 1972 in Washington in conjunction with
the U.S. Government-sponsored International Transportation
Exhibition to be held at the time. It is reproduced
for reference of the Coordcom.

Interim Secretariat,
Coordcom,
Kuala Lumpur.

22 October, 1971.

Copy

Airmail

1st October, 1971.

The Honorable
John A. Volpe
The Secretary to Transportation
400 Seventh St. SW
Washington, D.C. 20590
United States of America.

Dear Mr. Secretary,

I have just settled back on my job in Kuala Lumpur, after spending one valuable month in your country, and three weeks in Europe. I write to thank you for your kindness in seeing me (along with Mr. Lee St. Lawrence, the dynamic director of your RED Office in Bangkok and AID officials) on 3rd August, 1971. I know that you had a very busy schedule and it must have been most difficult for you to receive me on very short notice.

Arthur D. Little, the main consultant engaged by the Asian Development Bank, has completed a draft report on the Southeast Asian Regional Transport Survey (estimated to cost about US\$3 million). The ADB has circulated copies of the draft report for review and comment about three weeks ago. I am arranging a copy to be forwarded to you immediately.

The countries covered by the Survey (namely Indonesia, Singapore, Malaysia, Thailand, Laos, the Republic of Vietnam and the Philippines) are members of COORDCOM which works closely with your Government's Regional Economic Development (RED) Office in Bangkok. We plan to have a meeting of COORDCOM in Manila on 26-29 October, 1971 to review and comment on the draft report of the Survey. We will also be discussing ways and means in which the report's findings and recommendations can be analysed and priority targets in Southeast Asia selected for further study and implementation. It would indeed be valuable if your Department could send an observer to this meeting in Manila. Your personal interest in this cooperation effort in the unfortunate Southeast Asian area in the vital field of transportation has been most encouraging. I believe that it is vital to maintain the momentum of efforts to get things done on a co-operative basis and the Survey has clear indications of the future course of the development of transportation in Southeast Asia. The meeting in Manila will be an important step to launch COORDCOM into a more active and expanded role in developing the transportation and telecommunication potentials of Southeast Asia.

I am particularly grateful for your suggestion that we might hold the subsequent Coordinating Committee meeting in Washington at the same time (May/June 1972) as the International Transportation Exposition. This meeting would probably be at the ministerial level and attended by the Ministers of Transportation of the eight COORDCOM countries, (Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam). I am planning to raise this suggestion of yours at the Manila meeting with representatives of Governments on COORDCOM and report their reaction to you.

From a personal point of view, I believe that the ministers would be pleased to hold their meeting at the Exposition and would be equally pleased to lend their prestige to the Exposition.

Again please accept my thanks for your warm reception.

Sincerely yours

sgd.

(Phang Kon Hee)
Secretary,
COORDCOM.

PRESS RELEASE

The Tenth Meeting of the Coordinating Committee of Southeast Asian Senior Officials on Transport and Communications (for short, called Coordcom) was hosted by the Asian Development Bank in the Savoy Hotel, Manila on 26-28 October, 1971.

2. The Meeting was attended by altogether sixteen representatives of the Governments of Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and the Republic of Vietnam. Brunei and the Khmer Republic were unable to send representatives to the Meeting.
3. The respective leaders of the Member Delegations to the Meeting were: Mr. N. Gandjar, Chief, Foreign Cooperation Division, Bureau of Planning and Development, Department of Communications, Djakarta, Indonesia; Mr. T. Sisouphannouvong, Director of Civil Aviation, Ministry of Public Works and Transportation, Vientiane, Laos; Mr. Bashah bin Nordin, Principal Assistant Secretary, Ministry of Transport, Kuala Lumpur, Malaysia; Col. Alfredo T. Kagawan, Consultant on Transportation and Communications, Presidential Economic Staff, Office of the President, Manila, Philippines; Mr. Yap Eu Win, First Secretary, Singapore Embassy, Manila; Lt. Comdr Aree Satayamana, Deputy Under-Secretary of State, Ministry of Communications, Bangkok, Thailand; Mr. Hoang Ngoc Than, Secretary-General, Ministry of Communications and Posts, Saigon, Republic of Vietnam.

4. A total of fourteen Observers from the United Nations Development Programme, Asian Development Bank, and the Governments of Japan, United Kingdom and the United States of America also attended the Meeting.

5. Col. Alfredo T. Kagawan, Leader of the Philippine Delegation and Lt. Comdr. Aree Satayamanak, Leader of the Thai Delegation, were unanimously elected Chairman and Vice-Chairman of the Meeting respectively.

6. The main subject considered at the 3-day Meeting was the Draft Report on the Southeast Asian Regional Transport Survey. Seven countries in the region, namely Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and the Republic of Vietnam requested the Asian Development Bank to carry out this Survey with a view to formulating a comprehensive and rational framework and identifying areas for the development of transportation as a means for the general development of the region and for closer and more concrete co-operation among countries in the region. The Bank raised about US\$3 million through \$1 million from US\$ and about \$1 million from UNDP and the balance from other sources to carry out the survey.

7. The Meeting reviewed and commented upon the methodology, findings and recommendations of the Draft Report of the Survey. Countries which participated in the Survey reacted favourably to the Survey and were eager that follow-up action should now be planned and implemented. They noted the far-reaching implications

of many of the findings and recommendations of the Survey. They thanked the Bank for having carried out the Survey and urged the Bank to take into consideration their views and comments when finalising the Report.

8. Coordcom also discussed a number of subjects besides the Draft Report of the Southeast Asian Transport Survey. It agreed that the organisation had proved its worth and agreed in principle that it should continue, particularly to serve as the body mainly responsible for the follow-up actions on the finding and recommendations of the Survey. The Meeting expressed appreciation to the Government of Malaysia for carrying out the functions of the Interim Secretariat during the past four years. Coordcom agreed to accept the offer by the Government of Malaysia to host its strengthened Secretariat. It also agreed in principle that Member Governments would continue to contribute towards meeting part of the cost of maintaining the Secretariat. However, Coordcom would seek assistance from ~~multi-lateral~~ ^{and} sources to carry out specific projects / programmes. In this connection, Coordcom thanked the UNDP, ADB, and the Governments of Japan, United Kingdom and the United States of America for assistance rendered to date and was encouraged by indications that further assistance would be forthcoming in future.

9. Delegates and Observers to the Meeting were most impressed by the generous hospitality and efficient support facilities and conference staff provided by the Asian Development Bank and the Philippines Delegation. They expressed their heartfelt thanks, in particular to Vice-President C.S. Krishna Moorthy

who had a frank discussion with Leaders of Delegations,
and the Bank and the Philippine Delegation in general.

Asian Development Bank,
Manila.
28 October 1971

PART FIVE

Members of the Co-ordinating
Committee, Observers and Interim
Secretariat and Conference Staff

IS-10M-8

Tenth Meeting of the Co-ordinating Committee
of Southeast Asian Senior Officials on
Transport and Communications

26-29 October, 1971

Asian Development Bank
Manila, Philippines

LIST OF DELEGATES AND
OBSERVERS

I. DELEGATES

Name of Country

Delegates

Indonesia

Mr. N. Gandjar,
Chief,
Foreign Co-operation Division,
Department of Communications,
Djakarta.

Laos

Mr. T. Sisouphannouvong,
Director of Civil Aviation,
Ministry of Public Works
and Transportation,
Vientiane.

Malaysia

Mr. Bashah bin Nordin,
Principal Assistant Secretary,
Ministry of Transport,
Kuala Lumpur.

Mr. Yusef bin Hitam,
Counsellor,
Malaysian Embassy, Manila.

Philippines

Col. Alfredo Kagawan,
Consultant on Transport and
Communications, Presidential Economic
Staff, Office of the President,
Manila.

Mr. Victorino Basco,
Director of Transportation and
Communications, Presidential
Economic Staff, Office of the
President, Manila.

Mr. Carlos Leuno,
Executive Director,
Infrastructure Operations Centre,
Manila.

Mr. Red Asprer,
Economist, Transport & Communicat-
ions Centre, Office of President,
Manila.

Mrs. Grace Oblena,
Senior Statistician,
Department of Commerce and
Industry, Manila.

Singapore

Mr. Yap Eu Win,
First Secretary,
Singapore Embassy, Manila.

Thailand

Lt. Comdr. Aree Satayamana,
Deputy Under-Secretary of State,
Ministry of Communications,
Bangkok.

Mr. Amphon Tiyaabhorn,
Chief, Transport and Communications,
National Economic Development
Board, Bangkok.

Mr. Kovit Kovanda,
Ministry of Communications,
Bangkok.

Vietnam, Republic of

Mr. Hoang Ngoc Than,
Secretary-General, Ministry of
Communications and Posts, Saigon.

Mr. Nguyen Van Dat,
Director-General of Ports,
Prime Minister's Department,
Saigon.

Mr. Bui Nhu Tiep,
Deputy Director-General of
Highway,
Ministry of Public Works,
Saigon.

II. OBSERVERS

United Nations Development Mr. William Harding,
UNDP Resident Representative,
UNDP, Manila.

Asian Development Bank Mr. K. L. Luthra,
Deputy Director,
Projects Department, Asian
Development Bank, Manila

Mr. K. Natori,
Projects Economist,
Projects Department,
Asian Development Bank, Manila.

Mr. Martin Staab,
Project Economist, Asian
Development Bank, Manila.

Mr. William Krebs,
Project Director of Regional
Transport Survey, Arthur D.
Little, Manila.

Japan Mr. Masuko Ueda,
Senior Policy Planning Officer,
Secretary to the Minister,
Ministry of Transport, Japan.

Mr. Masaji Takahashi,
Second Secretary of the
Japanese Embassy,
Manila.

United Kingdom Mr. A. A. W. Landymore,
Alternate Executive Director,
Asian Development Bank,
Manila.

Mr. John Taylor,
Second Secretary (Political
Officer),
British Embassy, Manila.

United States of America

Mr. K. Rabin,
Director,
East Asia Department,
Agency for International
Development, State Department
Washington.

Mr. Lee St. Lawrence,
Counselor for Regional
Development, American Embassy
in Bangkok.

Mr. C. Spurgeon,
Manager, International
Transportation Exposition,
Department of Transportation,
Washington.

Mr. Ronald Rogers,
Regional Affairs Officer,
American Embassy in Bangkok.

Mr. Raymond Cohen,
USAID, Manila.

III. INTERIM SECRETARIAT

Secretary

Mr. Phang Kon Hee,
Deputy Chairman,
Urban Development Authority,
Prime Minister's Department,
Kuala Lumpur

Stenographers

Miss Juliana Moses,
Deputy Chairman's Office
Urban Development Authority
Prime Minister's Department
Kuala Lumpur.

Miss Ainon Shahurain,
Resource Development Division,
Economic Planning Unit,
Prime Minister's Department,
Kuala Lumpur.

General Assistant

Mr. Hamzah bin Abdul Rahman,
Economic Planning Unit,
Prime Minister's Department,
Kuala Lumpur.

IV. CONFERENCE STAFF

Mr. Cesar Cruz,
Reception and Liaison,
Asian Development Bank.

Mr. Marcelo Javier,
Reception and Liaison,
Asian Development Bank.

Miss Sylvia B. Mantegui,
Research Assistant,
Asian Development Bank.

Miss Mini Z. Loyola,
Secretary, Asian Development
Bank.

Miss Nena F. Agsunod,
Secretary, Asian Development
Bank.

Miss Cora T. Mangilit,
Secretary, Asian Development
Bank.

Miss Isabel Paz A. Gavino,
Secretary, Asian Development
Bank.

General Services

Mr. Joe Bagon,
Asian Development Bank.

Mr. Frank Bereña,
Asian Development Bank.

Mr. Claudio Mendiola,
Asian Development Bank.

Interim Secretariat,
Coordcom,
Manila.

26th October, 1971.

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1971	Meeting of the Co-ordinating
AUTHOR	Committee of Southeast Asian Senior Officials on Transport
TITLE	Communications
REPORT	
Date	Borrower's Name

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